



Daily Report

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Qian's Middle East Tour, Baker Meeting Viewed

HK0711102490 Hong Kong TA KUNG PAO in Chinese
7 Nov 90 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Not Making Any Proposals, Not Serving As Mediator"]

[Text] Chinese and U.S. Foreign Minister Meet in the Middle East

As the whole world keeps a close watch on the Gulf situation, Chinese Foreign Minister Qian Qichen and U.S. Secretary of State Baker arrived in Cairo yesterday. The meeting between the Chinese and U.S. foreign minister to discuss the situation in the Middle East, especially at a time when the possibility of a large-scale war in the Gulf region is mounting daily, is all the more noteworthy.

As is well known, the purpose of Baker's whirlwind visit to the Gulf—as he made clear at the very beginning—is to solicit the opinions of various countries concerning the launching of a war against Iraq by the multinational forces. When in Saudi Arabia the day before yesterday, other than meeting the leaders of the Saudi Arabian Government, he also met with Amir Jabir of the Kuwaiti government-in-exile stationed in Saudi Arabia. Both of these countries expressed their support of the United States' commitment of troops. During this visit, Baker also managed to settle the earlier dispute over the question of bringing the multinational forces under the command of the U.S. Army. This has cleared the way for the U.S. Army to launch attacks from Saudi Arabia in the future.

When leaving Beijing for the four Middle East countries on 6 November, Chinese Foreign Minister Qian Qichen said that the purpose of this visit is to explore and discuss the possibility of solving the Gulf crisis by peaceful means with the leaders of the Arab countries concerned. He emphasized that he had no proposals with him and he was not going to serve as mediator.

China Made Its Three-Point Stand Clear

China is one of the five permanent members of the Security Council, and has time and again voted in support of the relevant resolutions made on Iraq's invasion and annexation of Kuwait on 2 August. China still maintains diplomatic relations with the Kingdom of Kuwait and has made its stand regarding the Iraq-Kuwait incident clear: First, Iraq must withdraw from Kuwait; second, China is against the military involvement of the big countries in the Gulf situation; and third, this issue should be left for the Arab countries to solve. The key, as well as premise, of the three points is that Iraq must withdraw its troops from Kuwait unconditionally.

There will be no peace to speak of in the Gulf region unless Iraq withdraws from Kuwait. But Saddam has not in the least changed his views about the "legitimacy" of

annexing Kuwait. Once again, the Baghdad authorities have reminded other countries: Do not mention the Government of the Kuwaiti Kingdom again, because it is no longer in existence, and Kuwait has become the 19th province of Iraq.

The U.S. Army Will Not Go To War Until It Has Accumulated 1 Million Troops In view of Iraq's stand and the failure of the Soviet presidential envoy's two mediatory attempts, Qian Qichen was right to claim he is "not taking any proposals and not serving as mediator." This "two no's" policy does not, however, have a negative effect on the endeavor to promote peace in the Gulf.

The role that China can play is to seize this important opportunity to convince the United States not to use force hastily. When a problem occurs, one should take one's time to solve it. As the blockade and embargo escalates, we should wait for some more time, let Iraq and its leaders understand the difficulties they are facing, and consequently change their minds, while enabling them to save face and have a chance to extricate themselves from the dilemma. In fact, this is the best thing to do.

If the United States really started a war, Iraq would naturally find it hard to resist the destructive firepower from the multinational forces, but the people would be plunged into an abyss of misery, and the U.S. Army and multinational forces would suffer heavy casualties. Once the war started, the oil-field facilities and oil piers in the Middle East would definitely be destroyed overnight, and it might set off an Israeli-Arab war. The subsequent blow to the economies of the United States and the West would be hard to imagine. It would be more serious than the repercussions of the Vietnam war.

The latest issue of Time weekly in the United States, published on 5 November, quoted a Pentagon expert's new opinion that if the U.S. Army is to defeat Saddam's forces, 1 million troops are necessary. This is said to be a conclusion drawn from the lessons they learned during the Vietnam war. They are afraid that they will be unable to finish the war within a short period and will get stuck in a quagmire.

There are now 210,000 U.S. troops in Saudi Arabia, which is insufficient. An additional 100,000 reinforcements are on the way. If 1 million are needed, where will they come from? Will people in the United States agree to this? This shows that the proposals put forward by China and France are not senseless!

Qian Arrives in Cairo

OW0611151490 Beijing XINHUA in English
1434 GMT 6 Nov 90

[Text] Cairo, Nov 6 (XINHUA)—Chinese Foreign Minister Qian Qichen arrived here today to start his four-nation Middle East tour in efforts to seek a peaceful settlement of the Gulf crisis.

Qian is scheduled to meet with U.S. Secretary of State James Baker in Cairo later today for an exchange of views on the Gulf situation as well as on bilateral relations between China and the United States.

The Chinese foreign minister will also hold talks tomorrow with Egyptian President Husni Mubarak and Foreign Minister Ahmad 'Ismat 'Abd-al-Majid.

Cairo is the first leg of Qian's Mideast mission which will include talks with leaders of Saudi Arabia, Jordan and Iraq to exchange views with them on the current Gulf situation and on issues of common concern.

Before his departure from Beijing, Qian told reporters that the purpose of his visit "is to add momentum to the efforts for a peaceful settlement of the Gulf crisis."

China is one of the five permanent members of the U.N. Security Council and has voted for the ten U.N. resolutions with regard to the Iraqi invasion of Kuwait.

China advocates and supports a political solution to the Gulf crisis by peaceful means. It demands immediate Iraqi withdrawal from Kuwait and restoration of Kuwait's independence, sovereignty and territorial integrity.

Qian on Meeting With Baker

*OW0611194190 Beijing XINHUA in English
1916 GMT 6 Nov 90*

[By Zhou Zexin and Jiang Yaping]

[Text] Cairo, Nov 6 (XINHUA)—Chinese Foreign Minister Qian Qichen said here today that as long as there is hope for peace, efforts should be made toward a peaceful settlement of the Gulf crisis.

Speaking to reporters after meeting with U.S. Secretary of State James Baker late this afternoon, Qian said, "both sides stressed the need for a peaceful settlement."

"The secretary said the use of other means should not be ruled out. It is our position that as long as there is a hope for peace, we should strive toward a peaceful settlement," the Chinese minister told reporters.

He said, "both sides indicated that each of the two sides should commit itself to a peaceful settlement on the basis of the resolutions adopted by the U.N. Security Council."

The Chinese foreign minister went into a meeting with Baker on the Gulf situation soon after he flew in this afternoon.

He said both sides were satisfied with the meeting and "both agreed to continue consultations in the future."

The meeting, which lasted one and a half hours, was arranged in accordance with a proposal of the U.S. side. It was held at the VIP room of the Cairo International Airport.

Qian said, "we are not coming as a mediator," adding, "our mission is to explore the possibility of peaceful settlement."

A Chinese source close to Qian said that the two foreign ministers had a detailed exchange of views on the Gulf crisis and discussed bilateral relations between China and the United States.

The source described the meeting as "constructive, frank and friendly."

The Chinese foreign minister is currently on a four-nation Middle East tour in efforts to seek a peaceful settlement of the Gulf crisis. Cairo is the first leg of the trip which will also take him to Saudi Arabia, Jordan and Iraq.

Baker came to Cairo for a few hours' visit on a fast-paced trip to seven countries in which he reportedly said he was laying the foundation for stronger economic and political measures against Iraq or even for military action.

Before moving to Cairo, Baker had talks with the exiled Amir of Kuwait and leaders of Saudi Arabia and Bahrain and visited American troops stationed at a desert base in eastern Saudi Arabia.

But a U.S. State Department official said here this afternoon the United States' position is "the full implementation of the U.N. resolutions which call for a complete and total withdrawal from Kuwait of the Iraqi troops and call for restoration of the legitimate government of Kuwait."

The Chinese foreign minister is scheduled to meet with President Husni Mubarak Wednesday morning and have talks with foreign Minister Ahmad 'Ismat 'Abd-al-Majid before continuing on to Saudi Arabia.

UN Resolutions Stressed

*OW0711114690 Beijing XINHUA in English
1120 GMT 7 Nov 90*

[By Zhou Zexin and Jiang Yaping]

[Text] Cairo, November 7 (XINHUA)—Chinese Foreign Minister Qian Qichen stressed today that China will try every effort to see a peaceful settlement of the Gulf crisis.

"Efforts should be made to avoid the use of force and war. That will benefit all parties concerned," Qian told reporters after meeting with President Husni Mubarak at the Kubba Palace today.

Qian said his meeting with Mubarak was "very useful." They exchanged views in a detailed manner on the Gulf situation.

He said he admired the efforts and role played by Egypt and by President Mubarak personally in handling the Gulf situation.

"President Mubarak knows that I'm going to Iraq where I will be meeting with President Saddam Husayn. Mubarak supports my mission and hopes that I'll brief the Iraqi leader on the relevant situation," he said.

Asked if China opposes a U.N. Security Council resolution authorizing war to solve the Gulf crisis, the Chinese

foreign minister said so far all resolutions coming from the U.N. Security Council have not been concerned with this question.

"If this question is to be raised, it needs detailed discussion," he said.

The Chinese foreign minister arrived Tuesday for a visit on the first leg of his four-nation Middle East tour. He will continue on to Saudi Arabia, Jordan and Iraq.

An official Chinese source said Qian delivered a message to Mubarak from Chinese President Yang Shangkun.

The source said that Mubarak told Qian that China is the best and sincere friend of Egypt and he welcomed Qian to the country.

Mubarak briefed Qian on the latest developments of the Gulf crisis, and Egypt's position on the issue, and expressed readiness to continue working for a peaceful settlement, the source said.

Qian said that Egypt is an important country and is playing an important role in the Arab world as well as the international arena. He praised Mubarak for his efforts to maintain peace and security in the region.

The Chinese Government is concerned about the current Gulf situation and is ready to make efforts for a peaceful solution on the basis of the relevant U.N. resolutions, Qian was quoted as saying.

Commentary Views Japan's UN Cooperation Bill

OW0611151990 Beijing Domestic Service
in Mandarin 0530 GMT 6 Nov 90

[Commentary by station reporter (Guan Yanxin), entitled: "Japan's Draft Bill on Dispatching Troops Abroad Does Not Enjoy Popular Support" from the "International News and Current Events" program]

[Text] Currently, Japan's 119th extraordinary Diet session is examining the draft on the UN Peace Cooperation Bill. The Japanese Government formulated this draft bill with dispatching troops abroad as its central issue. The submission of this sensitive issue by the Japanese Government to the parliament for deliberation has aroused strong reaction within the country as well as from the international community. The emergence of the UN Peace Cooperation Bill is related to the Gulf situation. Since the outbreak of the Gulf crisis in early August this year, the Japanese Government has put forward a three-point policy measure by offering money, supplying materials, and dispatching personnel. The United States has expressed dissatisfaction with these Japanese measures, and strongly urged Japan to come forward to intervene, even militarily. It is stipulated in Japan's new Constitution, however, that it cannot maintain army, navy, and air, and other fighting forces, and it does not recognize its right of taking part in war. Consequently, some people proposed to amend the Constitution and

Self-Defense Forces Law to adapt the Japanese Self-Defense Forces to the coordinating efforts of the West. Against such a background, the Japanese Government decided on a countermeasure for developments in the Middle East and put forward the draft UN Peace Cooperation Bill, which is aimed at sending troops abroad. They submitted it to the 119th Diet session, which opened on 12 October, for examination. It has not been approved yet. As soon as the draft UN Peace Cooperation Bill was put forward, it evoked vigorous reactions within Japan. Because sending Self-Defense Forces overseas is a major issue which involves the spirit of the Japanese Constitution and the special historical background of Japan, it has aroused the alarm and opposition of the majority of opposition parties. Manzo Hamamoto, a member of the House of Councillors of the Japanese Socialist Party, pointed out in the current Diet during an interpellation that the multinational troops deployed in the Gulf area are dispatched by the United States and other nations based on their own judgement and are not at the request of the United Nations itself. Therefore, it is unjustified for Japan to cooperate with them by dispatching its Self-Defense Forces. It amounts to a political coup d'etat against the peaceful Constitution of Japan.

A survey of public opinion has revealed that the majority of Japanese are opposed to Japan dispatching troops abroad. The results of a survey released by KYODO on 31 October have shown that 67 percent of the people in Japan are against dispatching troops by the government, and only 13 percent of the people are in favor of it. People of insight in Japan have pointed out sharply that the Gulf crisis has provided a new opportunity for some of the people who have been longing to find a way to realize their desire for sending troops abroad.

The draft peace cooperation bill has caused uneasiness in the international community. The Philippines, Australia, and South Korea have all expressed their worries over the proposed dispatch of troops overseas by Japan. They hold that it may lead to expansion of military power by Japan. In his meeting with the Japanese Ambassador to China, our country's vice minister of Foreign Affairs Qi Huaiyuan has stated that the Chinese Government holds that the draft UN Peace Cooperation Bill is a serious step taken by the Japanese Government in breaking through its military policy practiced since the end of World War II. Once it is passed, it definitely will evoke strong reactions from the people of China and other Asian countries who suffered from aggression by Japanese militarism. Neither will the broad masses of the peace-loving Japanese people agree to it. The outcome of the action is bound to have an extremely adverse effect on the image of Japan.

'Uneasiness' Noted

OW0511163890 Beijing XINHUA in English
1504 GMT 5 Nov 90

[Text] Beijing, Nov 5 (XINHUA)—A bill now before the Japanese Diet which would authorize Japan to join the U.N. Peace Cooperation Corps in the Gulf has caused widespread uneasiness, said Sun Pinghua, president of the China-Japan Friendship Association.

In an interview with XINHUA on the said issue, Sun said that the bill, if passed, would mark a great change in the direction Japan has followed since the end of the second world war and provide a way for Japan to send its troops abroad, which has been forbidden by the Japanese Constitution for the past 45 years.

If the Japanese Diet adopts such a bill, Sun warned, there would emerge the possibility for Japan to become a military power once again and pose the threat of renewed aggression against other countries.

He said that it is quite natural that China and other Asian countries, which suffered a great deal during the aggressive war the Japanese militarists launched in the past, are concerned about [words indistinct].

Sun said China was a major victim of that war and the Chinese people still remember clearly that dreadful period. Naturally, Sun added, there would be a strong reaction on the part of the Chinese people if such a bill were to be passed by the Japanese Diet.

"In addition, this would certainly have an adverse effect on Sino-Japanese friendship," he noted.

Sun said that Sino-Japanese friendly relations have basically returned to normal and are developing in a favorable direction. Any setback would be unfortunate for both countries, he said.

He pointed out that the China-Japan Friendship Association feels particularly concerned about this.

He expressed the hope that Japanese politicians both in office and out of office would take into full consideration the feelings of the people of China and other Asian countries and the strong opposing voices in Japan and try to stop Japan from taking a mistaken road, causing unease to its neighboring countries and an adverse effect on Sino-Japanese relations.

Meanwhile, in another interview with XINHUA on the same issue, Zhang Xiangshan, China's chief representative on the 21st Century Committee for Sino-Japanese Friendship, also expressed concern over the issue.

He said if the bill is adopted it will inevitably harm Japan's Constitution, which stresses peace, and open a way for Japan to become a military power once more, running against the Japanese Government's repeated promise and the wishes of the Japanese people.

"We sincerely hope that Japanese politicians with foresight will avoid such a dangerous road for the sake of peace and stability in Asia," Zhang said.

Bill Reportedly 'Dropped'

OW0611133890 Beijing XINHUA in English
1314 GMT 6 Nov 90

[Text] Tokyo, November 6 (XINHUA)—The Japanese Government is dropping its controversial bill that would have empowered it to send Self-Defence Forces personnel to the Gulf. Instead it is likely to start talks with opposition parties on an alternative so as to contribute to international efforts in the troubled region.

The local press reported today that Prime Minister Toshiki Kaifu and ruling Liberal Democratic Party Secretary General Ichiro Ozawa had agreed yesterday to refrain from forcing the United Nations peace cooperation bill through the lower house of the Diet (parliament) where there has been heated debate during the current extraordinary session.

The bill also encountered sharp criticism both at home and abroad. The opposition parties said it violated the war-renouncing Constitution that bans Japan from being involved in efforts to settle international disputes through use of force. Japan's Asian neighbors also opposed the bill, saying it could lead to a revival of militarism.

The bill is expected to die on the lower house floor on Saturday, the end of the Diet session.

Intensification of Gulf Crisis Viewed

HK0411004690 Beijing SHIJIE ZHISHI in Chinese
No 20, 16 Oct 90 pp 4-5

[Article by Ke Si (2688 2448): "New Tension in the Gulf"]

[Text] Lately, the Gulf crisis has been intensified. War is more likely to occur. This is reflected by the following:

First, the United States and Iraq Are Continuously Assembling Their Troops in the War Zone, and Military Confrontation Has Been Further Escalated.

The United States is continuing with its Desert Shield operation, and perfecting its combat preparations against Iraq. By now, the United States has sent over 70 warships of various types to the Gulf region, including three aircraft-carrier formations. The aircraft carrier Independence has also entered the Gulf through the Strait of Hormuz. U.S. fleets are stationed in the Gulf, the Gulf of Oman, the Arabian Sea, the Red Sea, and the eastern Mediterranean Sea. There are over 500 warplanes in the Gulf region, including such new-model aircraft as the invisible fighter plane, the F-117. They are stationed in air bases in Saudi Arabia, the United Arab Emirates, Oman, Qatar, and Turkey. Over 100,000 ground forces have been sent to Saudi Arabia, including the 82d Airborne Division, the 101st Airborne Shock Division, the 24th Mechanized Infantry Division, and

the 2d Armored Division; and most of the Marine Corps has arrived in that region. At present, the Air Force, Navy, and Army have a total of 180,000 troops [in the Gulf]. All kinds of heavy equipment are being hurried there. It is expected that the planned military preparations will be basically finished in a month or so.

From 1 to 5 October, 15,000 soldiers of the U.S. Navy's 4th Expeditionary Brigade carried out a large-scale landing exercise on Oman's southern coast. Eighteen warships and 90 helicopters took part in it. That was America's largest-scale naval military exercise in 10 years.

In the meantime, Britain was maneuvering its 6,000 soldiers and over 200 tanks from the 7th Armored Brigade in West Germany to Saudi Arabia. This is the largest armored troop Britain has sent to the Gulf region since World War II. Moreover, Britain is ready to send another two squadrons of fighter planes. France has also sent reinforcements of 4,200 soldiers from the 6th Light Armored Division, and 30 aircraft from the 5th Fighter Helicopter Regiment. So far, France has sent 13,000 soldiers to this region. Italy has also decided to send another eight Whirlwind fighter planes and one protective warship. In addition, Japan has also said that it will send its Self-Defense Force to the Middle East to "execute the peaceful mission." It is preparing to formulate a corresponding bill. This is the first time since World War II that the Japanese Government has proposed sending its Self-Defense Force abroad.

In response to the military activities of the United States and Western countries, Iraq has also strengthened its military preparations in southern Iraq and Kuwait. At present, Iraq has stationed in this region 430,000 troops, 3,500 tanks, 2,500 armored personnel vehicles, and 1,700 artillery pieces. Its major force and armored troops have left the front line, and they have been relocated in more flexible positions so that they will be able to assist all directions where necessary.

In view of this situation, both sides have shown a ready-to-fight posture.

Second, the International Community Has Increased Its Pressure on Iraq; the "Diplomatic War" Between Iraq and Various Countries Has Been Escalated.

Under the coordination with its Western allies, the United States has stepped up the sea blockade on Iraq resulting in Iraq's oil exports and grain imports coming to an almost complete halt. Through air transportation, Iraq can still obtain some urgently needed commodities, which are costly but are only needed in small quantities, such as special lubricants, weapons, and spare parts and components of electronic equipment, to sustain its war needs. Moreover, by conducting commodity exchanges in small quantities via land transportation to satisfy the supplies of some markets, and by using domestic strategic reserves and limiting consumption, Iraq has rendered the international economic sanctions unable to play a decisive role within a short period of time. During this time, Iraq continues with its plan to

annex Kuwait. It appointed governors, banned the circulation of the Kuwait currency, and stipulated that Kuwaiti citizens obtain Iraqi citizenship before November. In the meantime, Iraq took measures to force personnel in Kuwait's embassies to leave. It sent its troops to the French, Belgian, and Netherlands Embassies, and carried away French military attaches and other people. This again gave rise to strong opposition in the international community.

In order to place more pressure on Iraq, the UN Security Council passed Resolutions 667, 669, and 670 consecutively in the middle and at the end of September, denouncing Iraq for infringing on special diplomatic rights, demanding it to release hostages, and deciding to place air blockade on it. Twelve European Community member states deported the military personnel of Iraqi embassies, and limited the activities of the rest of its diplomats. Egypt and Saudi Arabia also deported Iraqi and Jordanian diplomats. In revenge, Iraq also took corresponding measures, and threatened to hang the people that were seeking shelter at the American Embassy in Iraq, as if they were spies. Thus, the "diplomatic war" between Iraq and the abovementioned countries was seriously escalated.

Third, Relevant Countries Have Toughened Their Attitude, and the Soviet Attitude Has Obviously Changed.

Since Iraq has taken a tough stand by refusing to withdraw its troops from Kuwait, political mediation has failed. Military confrontation has been seriously escalated, and war in the Gulf may break out at any moment. What merits our attention is that there has been an obvious change in the Soviet attitude lately. When delivering a speech at the UN General Assembly on September 25, Soviet Foreign Minister Shevardnadze not only denounced Iraq for invading Kuwait and breaking UN charters, but also stressed that the United Nations had the right to "suppress the invading act." He also hinted that the Soviet Union would probably support the United States by adopting military actions. American specialists in Soviet problems believe that the major reasons for the change in attitude are: First, the Soviet Union is willing to maintain diplomatic accords with the United States; second, it does not want the crisis to cause a breakdown in the Western economy, thus affecting Western aid to the Soviet Union; and third, it is worried that the United States will station its troops in the Gulf for a long time.

In the meantime, the United States and Iraq are beginning a tense "propaganda war." U.S. President Bush reiterated that the United States "will never hold talks with Iraq" before Iraq withdraws its troops from Kuwait, restores Kuwait's legitimate government, and releases the hostages. He also stressed: "On these conditions, we will not make the slightest concession." Iraqi President Saddam also claimed: "Kuwait belongs to Iraq. We will not give up this point even if it means war to us for 1,000 years." He also said: "Do not mention this issue again." Foreign commentators hold that this means that he has

shut the door to talks firmly. The IRAQI NEWS AGENCY also blamed the Soviet Union, saying that it had yielded to U.S. pressure by joining the anti-Iraqi ranks. This is the first time Iraq has attacked the Soviet Union by name.

In short, the current Gulf crisis is being intensified, and the atmosphere of war is continuously expanding. However, public opinion holds that both the United States and Iraq still have some misgivings about the use of force. This kind of tense but controlled stalemate is expected to last for some time. Both sides are waiting for changes in the situation favorable to themselves.

Increasing U.S. Pressure on Iraq Noted

HK0411091490 Hong Kong WEN WEI PO in Chinese
4 Nov 90 p 2

["Newsletter from the United States" by He Ta-lung (0149 1129 7127): "The United States Is Intensifying Its Pressure on Iraq"]

[Text] While military deployment has continued in the Gulf, there has been new escalations in the the Bush administration's recent statements.

First, explorations and hearsay of Iraq willing to make concessions and seek a face-saving compromise are flatly rejected. At the State Department on 17 October, Secretary of State Baker said that the United States stresses "overall implementation of the UN Security Council resolutions" and is resolutely against any proposal for "partial settlement" of the Gulf crisis. "Iraq's act of humiliating Kuwait cannot be rewarded" and "we will never make the mistake of appeasement." On 19 October, President Bush held detailed talks with the Soviet president's special envoy on the Gulf situation and prospects. After the talks, the White House spokesman said that there have been "no changes" in the U.S. Gulf policy, that Bush "is not interested in any partial settlement scheme," that Iraq must "unconditionally" withdraw from Kuwait and resume Kuwait's legal government, that the Gulf issue should not be "related to other issues," and that "other options" will be considered besides economic sanctions and diplomatic efforts.

Second, Iraqi President Husayn is threatened that he will be tried as a "war criminal." U.S. officials released information long ago that the Justice Department is studying ways to collect "war crimes" committed by the Iraqi president so that he will be tried for his "war crimes" like the war criminals tried in "Nuremberg" after World War II. While campaigning for the Republican Party in Dallas, Texas on 15 October, President Bush called Husayn "another Hitler." "We must remember the Nuremberg trial at the end of the Hitler war." Later, the White House spokesman said that the Justice Department had been collecting crimes committed by Iraqi troops in Kuwait and that Bush "just wanted to point out that Husayn must be held responsible for his act in Kuwait." It has been reported that U.S. officials also urged other countries at the United Nations to collect Iraq's "war crimes" so that the UN

Security Council can adopt a resolution on trying Husayn as a "war criminal."

Third, the question of compensating for the losses caused by the war. Recently, U.S. officials clearly pointed out that Iraq must compensate for its invasion of Kuwait and the serious economic losses arising therefrom. At the State Department on 16 October, Secretary of State Baker said that it is "appropriate" now for the UN Security Council to consider Iraqi "compensation" for the losses caused in the war waged against Kuwait. Meanwhile, U.S. officials also stepped up their activities in the United Nations, urging the Security Council to adopt a resolution as quickly as possible demanding that Iraq compensate for the losses incurred in Kuwait as well as the economic losses incurred in Jordan, India, Bangladesh, and Eastern Europe countries as a result of the international sanctions. The method is to use the Iraqi assets freed abroad to compensate for the losses.

Fourth, the proposal made that Iraq destroy its devastating weapons on a large scale in exchange for the lifting of economic sanctions. In accordance with the UN Security Council resolutions, so long as Iraq is willing to withdraw from Kuwait and restore Kuwait's sovereignty, the current Gulf crisis is settled and the UN-imposed economic sanctions against Iraq will be lifted. Secretary of State Baker testified at the Senate on 17 October that the United States will "consider the reduction of (large-scale devastating) weapons as one of the conditions to lifting the economic sanctions. Iraq must agree with the reduction or destruction (of these weapons)." Prior to that, the U.S. Government said that even if Iraq withdraws its troops from Kuwait, the international arms embargo will continue so that Iraq's "excessive" military strength is reduced.

Fifth, the U.S. "right" to take military action against Iraq is stressed time and again. While giving testimony at the Foreign Affairs Committees of the Senate and House of Representatives, respectively on 17 and 18 October, Baker rejected some senators' request that Congressional leaders be consulted and approval obtained in advance to declare war against Iraq after Congress is adjourned next week (until 2 January next year). As general commander of the U.S. Armed Forces, Baker pointed out straightforwardly, that President Bush has the right to command the U.S. troops. In light of Article 51 of the UN Charter, the United States, "at the request of the legal Government of Kuwait," also has the "right" to "take certain collective self-defensive action" against Iraqi aggression.

Meanwhile, Washington continuously released contradictory information, saying the government has decided to "shorten the period of waiting for the effects of the economic sanctions" and the White House is stepping up consultations with Congressional leaders on taking military action against Iraq one moment and the United States is not anxious to make a decision on war and will step up the UN's diplomatic efforts the next; saying that with the completion of the deployment of 200,000 U.S.

troops in Saudi Arabia, the United States is ready to launch an offensive at one moment and the fire and arms are still insufficient, so another month will be required to transfer hundreds of M1 tanks from Europe and deploy two more armored divisions the next moment.

Truth is mingled with falsehood in the contradictory information. On the one hand, it indicates the matter's seriousness and that the Bush administration is hesitating about what move to take. But it also does not rule out the following possibility: The Bush administration is creating new public opinion and disseminating propaganda to lower the public's guard or confuse the enemy in an attempt to fight a "lightning war" in the Gulf to shift the focus of attention at home and extricate itself from the domestic political and economic predicament.

Now President Bush is beset with difficulties at home: The two parties bickered endlessly over the reduction of budgetary deficits and the 1991 budget remained unadopted after stalling for a long time. The federal government even faced the crisis of "closing down." The economy headed for a recession, production stagnated, the number of unemployed increased, and adverse balance of foreign trade deteriorated. President Bush's prestige drastically declined at home and his budget, economic, and Gulf policies encountered opposition from an increasing number of people. **All this is likely to force the Bush administration to be determined to take the risk of launching a war in the Gulf to shift the focus of attention and extricate itself from the predicament.** Moreover, political analysts in the United States believe that the longer time drags on, the more difficult it will be for the United States to maintain the anti-Iraqi united front. It is noteworthy that a U.S. newspaper has advocated a fallacy that outbreak of a Gulf war can help dispel people's unpredictable worries about future oil prices and bring about a fall in oil prices and interest rates, a rise in the stock market, and an increase in investment. In addition, the domestic ordnance industry will also bring about a growth in the economy as a whole.

'Roundup' Discusses Hostage Release Efforts

OW0711041690 Beijing XINHUA in English
0130 GMT 7 Nov 90

["Roundup: U.S. Frowns at Missions to Baghdad for 'Hostage Release' (by Huai Chengbo)"]—XINHUA headline]

[Text] Washington, November 6 (XINHUA)—The United States maintains that Western prominent individuals are playing into the hands of Iraqi President Saddam Husayn by visiting Baghdad to seek release of their countrymen detained in Kuwait and Iraq.

Asked for comment on the visits by former West German Chancellor Willy Brandt and former Japanese Prime Minister Yasuhiro Nakasone, the State Department deputy spokesman, Richard Boucher, indicated at a briefing today that Iraq intends to "use those visits", without specifically naming the two statesmen.

Recalling a Friday statement by Margaret Tutwiler, the State Department spokeswoman, Boucher emphasized that "we discourage people from engaging in visits that the Iraqis could use for propaganda purposes".

The U.S. and other Western countries have condemned Iraq for using foreigners as what they called a "human shield" in case of a Gulf war. But the Iraqi Government argued that the foreign nationals it refuses to let go are its "guests".

Washington's warning, however, appears to have failed in blocking the flood of visits to Iraq, which has been under international sanctions since it invaded Kuwait on August 2.

Brandt, who arrived in Baghdad Monday aboard a government charter plane at the invitation of President Saddam Husayn, said that he would seek to win the release of foreign hostages during his five-day stay.

The German politician today unexpectedly met with PLO Chairman Yasir 'Arafat in Baghdad saying that they had discussed "not only the hostages, but also a far-reaching Middle East initiative."

Several senior German officials said that they were optimistic that Brandt would return to Germany with a large number of the 365 German hostages.

Meanwhile, the Iraqi authorities announced to allow 77 Japanese nationals to go home after a meeting between Saddam Husayn and Nakasone.

Also on Monday, a delegation of Irish legislators left Baghdad after talks with Iraqi officials in hope of winning freedom for an estimated 220 Irish citizens. "We are given to believe that the Iraqi Government will soon resolve the issue of Iraqi guests," said Irish lawmaker Michael Higgins.

It was reported that David Lange, former prime minister of New Zealand, and Anker Jorgensen, former prime minister of Denmark, plan to go to Iraq.

Earlier, former British Prime Minister Edward Heath and American civil rights activist and senator Jesse Jackson [title as received] traveled to Baghdad and returned also with dozens of British and American citizens.

In response to American worries that Saddam might succeed in weakening political support for the U.S.-led force in the Gulf, foreign ministers of the 12 European Community nations met in Rome last night and renewed a pledge made on October 28 that the countries should not negotiate individually for the release of their hostages in Iraq.

International Human Resources Symposium Opens

OW0611234490 Beijing XINHUA in English
1457 GMT 6 Nov 90

[Text] Beijing, November 6 (XINHUA)—The Beijing International Symposium on Human Resources Development in the 1990s opened here, with more than 50

participants from the U.S.A., Canada, U.K., Switzerland, Australia, New Zealand, Turkey, China and representatives from UN organizations.

Experts will present papers on the development of China's human resources, especially professional and technical personnel. They will also exchange experiences in the development of human resources in their respective countries and promote understanding and cooperation.

The three-day symposium is hosted by the Ministry of Personnel and co-sponsored by the UN Development Program.

Cheng Lianchang Speaks

OW0611234590 Beijing XINHUA in English
1542 GMT 6 Nov 90

[Text] Beijing, November 6 (XINHUA)—The Chinese Government will encourage professionals to work at grass-root units where they are most needed with a series of new policies, Cheng Lianchang, Chinese vice-minister of personnel, said here today.

Cheng made the remarks at an International Symposium on Human Resources Development in the 1990s, which opened here today with about 50 participants from eight countries attending.

Cheng said the new policies include:

- to adopt a new salary standard to keep the salary income of professional and technical personnel in balance with their work and achievements;
- to establish and improve the regular system concerning examination, evaluation, appointment, promotion and award for professionals and technical personnel, and to promote talented young experts to the posts of professors or associate professors;
- to set up a system allowing the mobility of professionals and technicians and provide an effective social protection system for their mobility;
- to develop continuing education, accelerate the knowledge updating of existing professionals and technical personnel;
- to carry out programs for special projects in basic science and high technology to build up a contingent of scientists and engineers with national level, while encouraging scientists and engineers to set up internationally competitive high-tech enterprise.

Other policies include the recommendation of outstanding professionals, the promotion of exchanges of professional personnel with foreign countries and improvement of the research system for post-doctoral researchers.

Cheng said that the areas in need of technology backup and lacking professional and technical personnel refer to agricultural production, collectively-owned industrial enterprises, township enterprises, the infrastructure of

the national economy, especially energy resources, transportation and raw materials, and medium- and small-sized cities.

Professionals and technicians in China are unreasonably distributed and they are too centralized in big cities, he said.

Statistics show that about 30 to 60 per cent of professionals in the provinces are centralized in the provincial capitals and about 65 percent of technical personnel are working in areas of industry, health, education and in governmental organizations. Those in departments that need to be developed, like finance, commerce, building, transportation, post and real estate account only for 20 percent.

Only 6.7 percent of these people work in the countryside, he said.

Human Resources Stressed

OW0611234690 Beijing XINHUA in English
1604 GMT 6 Nov 90

[Text] Beijing, November 6 (XINHUA)—The key issue for China's social and economic development in the 1990s is to strengthen the development of human resources, Cheng Lianchang, vice-minister of personnel, said here today.

At a symposium on human resources development in the 1990s, which opened here today, Cheng said that the Chinese Government will take this into full account in its national development plan for this decade.

He said that for a country which is developing its economy but severely short of funds and relatively poor in natural resources per capita, China must strive hard to develop and utilize its human resources, revitalize education, improve the quality of its population and vigorously develop vocational and technical training in order to maintain a sustained economic growth.

China has the largest population in the world—more than 1.1 billion people, of which 680 million are of working age. This figure is expected to reach 750 million by the end of the century.

The scientific and cultural standards of the Chinese people have improved significantly since 1949 when the New China was founded, and especially in the last decade; and China now possesses a professional workforce, comprehensive in scope and broad in scale, which constitutes the backbone of the national economy.

Also, China has setup a fairly complete educational and training network which basically meets the needs of the country for trained manpower.

Cheng said that in the 1990s the general principles to be followed in the development and utilization of professional and technical resources stress mobilizing initiative and creativity.

United States & Canada

Article Views Foreign Investment in U.S.

HK0611085290 Beijing RENMIN RIBAO in Chinese
5 Nov 90 p 7

["Economic Jottings" by Zhang Zhenya (1728 2182 0068): "Washington in a Dilemma"]

[Text] The U.S. Department of Commerce recently revealed that in the first half of this year, direct foreign investment in the United States amounted to merely \$10.5 billion. The so-called direct investment refers to the establishment of new companies in the United States or the purchase of the existing companies. This differs from the so-called indirect investment in securities primarily through the purchase of government bonds and company stocks. The amount of \$10.5 billion did not seem to be a small one, because the annual amount of the direct foreign investment in the United States in the late 1970's was less than \$10 billion. As the international capital market has greatly developed in recent years and many countries have relaxed their foreign exchange controls in the last 10 years, huge amounts of money can now freely flow from one country to another and the turnover in the international capital market has doubled and redoubled. Last year, the direct foreign investment in the United States amounted to \$72 billion. By contrast, the figure of \$10.5 billion in the first half of this year shows that the inflow of foreign capital to the United States has greatly slowed down. When the oil price was soaring, the domestic economy was facing the possibility of "recession," and foreign funds were badly needed to bolster the U.S. economy, that modest figure would only cause disappointment among the American people.

At the same time, foreign investors also sharply reduced their investment in various securities in the United States. The abrupt shrinkage of the inflow of foreign funds made many American economists fear that a worldwide "capital shortage" may appear in the 1990's. Camdessus, managing director of the International Monetary Fund, also expressed such concern. It is now still hard to judge whether the situation is really so serious. It is true that the two largest capital surplus countries, namely, Japan and Germany, have both reduced their capital exports in the recent period. In Japan, the securities industry, the banking industry, and the real estate industry are all faced with many difficulties; and Germany now needs a huge amount of money to stabilize its economy after reunification. So neither of them can export a large amount of capital in the near future. Under these circumstances, the United States, which was used to relying on the inflow of foreign capital in the past few years, will inevitably bear the brunt and "incur losses."

In the previous periods, direct investment was a main means used by developed industrial countries to grab resources from their colonies and from small and weak countries. Things have changed now. It is no longer easy to control the economy of another country through direct investment. On the contrary, many countries are now trying to attract more foreign investment. Only the areas with a broad market, sufficient skilled workers, and

advanced technology are the most attractive to direct foreign investment. Therefore, in the 1980's, the United States, which recorded sustained economic growth, continued to be the attractive target of international direct investment. In the four years between 1986 and 1989, the total amount of direct foreign investment in the United States reached \$220 billion, which was more than double the total amount of foreign investments in the five countries of Britain, France, West Germany, Japan, and Italy in the same period.

The reduction in the inflow of foreign funds showed that the United States, whose economic conditions were getting progressively worse, had lost its attraction to the international finance circles. In addition, as the European Community with a total population of 340 million people will become a unified market in 1992, the interest of the international investors has been diverted to Europe. This is another reason for the "foreign capital shortage" in the United States.

In the past, the upsurge of foreign investment deeply upset public opinion in the United States, because many large and well-known companies in the United States were swallowed by foreigners. For example, Pillsbury Food Company, one of the 200 largest enterprises in the United States, was taken over by Britain; the famous Columbia Film and Recreation Company was taken over by Japan; in the electronics consumer product sector, RCA and General Electric were annexed by Thomson Electronics Group of France; in the computer sector, Qini [7871 1441 1869] Electronics was annexed by the Buer [1580 1422] of France; Anglo-American Tobacco of Britain also purchased a large insurance company in the United States.... Moreover, the aggressive automobile industry of Japan set up 11 plants in the United States; and other Japanese corporations also bought a large quantity of real estate in the United States, including New York's Rockefeller Center.

This gave rise to an outcry for restraining foreign companies' inroads into the U.S. economy for a time. Once the inflow of foreign capital abruptly decreased, however, people in the United States were still anxious.

Shanghai Deputy Secretary Meets U.S. Visitors

OW0511151590 Shanghai City Service in Mandarin
2300 GMT 4 Nov 90

[From the "Morning News" program]

[Text] Wu Bangguo, vice president of the Association for International Understanding and president of its Shanghai branch, met and feted a visiting group of the American Technological Service Association, led by its council chairman Mr. (Jia-li), at Jinjiang Hotel last night. They had an ebullient and friendly talk.

Wu Bangguo briefed the guests on the development and opening of Pudong Development Zone.

(Jia-li) and his party will visit Baoshan Iron and Steel Complex Corporation (Group) and (Quyong) Street.

Zou Jiahua Meets Sears Roebuck Delegation

*OW0611130990 Beijing XINHUA in English
1241 GMT 6 Nov 90*

[Text] Beijing, November 6 (XINHUA)—Chinese State Councillor Zou Jiahua met here today with a delegation from the Sears Roebuck and Company of the United States, led by its Vice President Robert Myers.

The visitors are here at the invitation of the Chinese Ministry of Textile Industry. They will also visit Shanghai and other parts of the country.

U.S. To Help Build Children's Center in Pudong

*OW0611090690 Beijing XINHUA in English
0800 GMT 6 Nov 90*

[Text] Shanghai, November 6 (XINHUA)—A modern children's medical center will be built in the new development area of Pudong in east China's Shanghai City.

The center, which recently got approval for construction, will be built by the Shanghai No. 2 Medical Sciences University and the Project Hope Health Sciences Education Center of the United States, which will provide 20 million U.S. dollars-worth of medical instruments and equipment and another five million U.S. dollars for training medical workers.

The Shanghai No. 2 Medical Sciences University will provide investment for the infrastructure construction.

It is learned that when it is completed the center will embrace the functions of medical treatment, research, education and training.

AT&T To Train Senior Chinese Managers

*OW0611222390 Beijing XINHUA in English
1605 GMT 6 Nov 90*

[Text] Beijing, Nov 6 (XINHUA)—Sixteen senior Chinese managers will leave for the United States Thursday to join a management training program there.

The senior management development program, organized by the U.S. communications equipment company AT&T and China's State Commission for Restructuring the Economy, has already trained 30 Chinese officials in two batches since 1988.

According to the organizers, each 10-month course provides three months of workshops with managers of AT&T and management study in eight U.S. universities, including Harvard, Yale, MIT and Wharton.

Soviet Union

Socialist Revolution Anniversary Marked in Beijing

*OW0511203390 Beijing XINHUA in English
1522 GMT 5 Nov 90*

[Text] Beijing, Nov 5 (XINHUA)—A film reception was held here today to mark the 73rd anniversary of the Great October Socialist Revolution.

The reception was hosted by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC) and China-Soviet Friendship Association (CSFA).

Present at the reception were Wu Xiuquan, CSFA president and member of the Standing Committee of the Central Advisory Commission of the Chinese Communist Party; Han Xu, CPAFFC president; Tian Zengpei, Chinese vice-minister of foreign affairs; Nikolay Nikolayevich Solovyev, Soviet ambassador to China; and S.L. Tihvinsky, president of the Soviet-Chinese Friendship Association.

Leaders Send Congratulations

*OW0711061590 Beijing in Russian to the USSR
1900 GMT 6 Nov 90*

[Text] Jiang Zemin, general secretary of the CPC Central Committee; Yang Shangkun, chairman of the PRC; Li Peng, premier of the PRC State Council; and Wan Li, chairman of the PRC National People's Congress Standing Committee, sent a congratulatory telegram on 6 November to Comrade Mikhail Gorbachev, president of the USSR and general secretary of the CPSU Central Committee; Comrade Anatoliy Lukyanov, chairman of the USSR Supreme Soviet; and Comrade Nikolay Ryzhkov, chairman of the USSR Council of Ministers, on the occasion of the 73d anniversary of the Great October Socialist Revolution.

The telegram says: On the occasion of the 73d anniversary of the Great October Socialist Revolution, we send sincere congratulations and best wishes to you and, through you, to the Soviet people. The Chinese people have always nurtured feelings of friendship toward the Soviet people. Since the normalization of Chinese-Soviet relations, bilateral relations have developed in a steady and strong way. This pleases us. We are convinced that further strengthening relations of goodneighborliness and friendship between China and the Soviet Union on the basis of the five principles of peaceful coexistence not only corresponds with the fundamental interests of our two peoples but also favors peace and development in the Asia-Pacific region and throughout the world.

In conclusion, the telegram wishes the Soviet people continued new successes in building their country.

Soviet Border Talks Working Group Holds Session

OW0311082090 Beijing XINHUA in English
0652 GMT 3 Nov 90

[Text] Beijing, November 3 (XINHUA)—The sixth meeting of the working groups of Chinese and Soviet Government border negotiation delegations ended here today.

During the meeting, begun on October 19, the two sides discussed the alignment of the boundary lines between the two countries in an earnest and practical atmosphere and made some progress.

Both sides agreed to further discuss the boundary alignment of the sectors on which agreement has not yet been reached.

Inner Mongolia Chairman Returns From USSR

SK0611115890 Hohhot NEIMENGGU RIBAO
in Chinese 28 Sep 90 p 1

[Text] After successfully ending his visits in the Russian Soviet Federated Socialist Republic [RSFSR], Chita Oblast, and Buriat Autonomous Soviet Socialist Republic [BASSR]; Bu He, chairman of the regional government, returned to Hohhot on 26 September. Liu Zuohui, vice chairman of the regional government, and responsible persons of departments concerned of the regional party committee and the regional government greeted him at the airport.

During his 15-day visit, Chairman Bu He extensively exchanged views with leaders concerned of these three areas on exchange and cooperation in the economic, trade, cultural, sports, and public health fields. They all expressed their willingness to unceasingly strengthen exchange and cooperation. During this visit, Chairman Bu He also signed an "agreement on establishing friendly ties between the Inner Mongolia Region of China and Chita Oblast of the Soviet Union," an "agreement on establishing a permanent economic and trade coordination leading group between the Inner Mongolia Region of China and Chita Oblast of the Soviet Union," and a series of documents including a summary on Chairman Bu He's visit to the RSFSR, and a summary on his visit to BASSR, with leaders of these three areas.

Bai Yun, director of the regional Foreign Affairs Office and responsible comrades of the regional Foreign Economic Relations and Trade Department and the investigation and research office of the regional government, who accompanied Chairman Bu He on the visit also arrived in Hohhot by the same plane.

Hu Sheng Meets Soviet Academy Delegation

OW0311143590 Beijing XINHUA in English
1312 GMT 3 Nov 90

[Text] Beijing, November 3 (XINHUA)—Hu Sheng, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the Chinese Academy of Social Sciences, met with and hosted a dinner for a delegation from the

Academy of Sciences of the Soviet Union led by member of the academy Sergey Leonidovich Tikhvinskiy here this evening.

During their friendly conversation, the host and the guests expressed satisfaction with the growth of friendly relations and cooperation between the two academies in the past year and hoped for further development of such relations.

Northeast Asia

Qin Jiwei, DPRK Army Delegation Meeting

SK0611041390 Beijing International Service
in Korean 1100 GMT 5 Nov 90 txt

[Text] Yesterday at the Great Hall of the People, General Qin Jiwei, Chinese state councillor and defense minister, met with the Korean People's Army political work delegation led by General Yi Pong-won, deputy director of the Army's General Political Bureau.

Yesterday it just so happened to be General Yi Pong-won's birthday. Qin Jiwei wished General Yi Pong-won a happy birthday and he welcomed General Yi Pong-won, leader of the delegation which came to China on the invitation of the General Political Department of the Chinese People's Liberation Army to discuss the experiences of the military's political work.

The delegation arrived in Beijing the day before yesterday. This delegation is on a 10-day visit to our country.

Li Peng, Japanese Group View Economic Issues

OW0611210990 Beijing XINHUA in English
14551 GMT 6 Nov 90

[Text] Beijing, Nov 6 (XINHUA)—Premier Li Peng said here today that initial success has been achieved in the economic readjustment drive, with industrial production on the rise again.

He stressed that China's reform and open policies, far from being changed, will be better implemented.

Li made the statements at a meeting with a group of executives from Japan's Mitsubishi Corporation led by its president, Shinroku Morohashi, who arrived yesterday.

Li told the visitors that China's inflation is now under control and that there are good signs that the sluggish market is recovering, boosting economic development.

From January to October this year, he said, the monthly increase in industrial production averaged four percent, and October saw a rise of 12.7 percent. This year has also been a year of bumper harvests, he noted.

Facts show that China now enjoys political, economic and social stability, he said.

He continued that efforts will be made to ensure a sustained, steady and coordinated development of the national economy in the coming years.

With regard to future economic readjustment, Li said that efforts will be concentrated on readjusting the structure of industry, improving product quality and raising efficiency, rather than merely on growth.

Reaffirming the open policy, he said that China wants to have more extensive cooperation on economy, technology and trade with other countries on the basis of equality and mutual benefit.

Morohashi said that Mitsubishi has a great interest in expanding economic cooperation with China, especially in the electric power, oil, chemicals and transport industries and personnel training.

Mitsubishi is ready to participate in the development of the Tarim oilfield in the Xinjiang Uygur Autonomous region and the development of the Pudong area in Shanghai. It also wants to participate in implementing the "Torch Program" sponsored by China's State Science Commission.

Li responded by saying that these items hold great potential for cooperation. He said he hoped that the two sides would not only cooperate in new and big projects but also in the technical transformation of China's old enterprises.

Li praised Mitsubishi for the success it has already achieved in a number of cooperative projects with China.

Sino-Japanese Economic Exchange Symposium Opens

OW0711012990 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 6 Nov 90

[By reporter (Li Fangchun) from the "Provincial Hookup" program]

[Text] A symposium opened this morning in Hangzhou to discuss economic exchange between China's Zhejiang Province and Japan's Shizuoka Prefecture.

Zhejiang Governor Shen Zulun addressed the symposium. He said: The Sino-Japanese economic symposium is a good way for economic and business circles of the two countries, as well as their provinces and prefectures, to swap information, enhance mutual understanding, expand exchange, and promote cooperation. It is hoped that both sides will make due contributions to their common prosperity and the arrival of a new era of increased friendship between the people of the two countries.

Speeches were also delivered by (Koichi Inoue), president of the Central Federation of Organizations of Small and Medium Enterprises in Shizuoka Prefecture and board director of the prefecture's Japan-China Friendship Association; and (Wang Jianmin), representative from the Ministry of Foreign Economic Relations and Trade.

After Zhejiang Province and Shizuoka Prefecture established friendship ties in 1982, Sino-Japanese economic exchange symposiums were held in 1985 and 1987 in Hongzhou and Shizuoka respectively. With their joint

efforts over the past years, economic and trade relations between the two sides have shown a pretty big development. According to statistics, our province exported some \$3 million worth of goods to Shizuoka in 1989. The exports consisted of several dozen varieties of products, including aquatic products, building materials, handicrafts, canned foods, and native and special local products. Meanwhile, economic relations have been developed with Shizuoka Prefecture by such flexible means as the processing of imported materials and the promotion of compensatory trade. A good start has been made for Shizuoka's entrepreneurs to join investment and cooperative projects in our province.

Over the past few years, our province has sent more than 500 students to Shizuoka Prefecture for graduate studies in various fields and, at the same time, received many groups of people who have come from Shizuoka to China for practical training.

During the four-day economic exchange symposium, the Shizuoka delegation, consisting of more than 90 members with (Inoue Koichi), board director of the Shizuoka Prefectural Japan-China Friendship Association as head, and (Toshio Adachi), director of the Industrial and Commercial Department of this prefecture as advisor, will discuss specific cooperative projects with the machinery, construction, second light industry, transportation, electronics industry, and agricultural departments of our province. The delegation will also tour Hongzhou and Ningbo.

Joint Venture Becomes Largest Bearing Producer

OW0711093290 Beijing XINHUA in English 0806 GMT 7 Nov 90

[Text] Chengdu, November 7 (XINHUA)—Chengdu Peace Powder Metallurgy Co. Ltd. (CPPMC), a Sino-Japan joint venture, has become the largest producer of oil-impregnated bearings in China.

During the first nine months of 1990, the company's total output value was 8.4 million yuan, 20 to 40 times more than other Chinese bearings producers.

The oil-impregnated bearings with high precision and low noise are used in micro-motors for audio and video tape recorders and electronic instruments. They are in great demand in the world market.

Before CPPMC was set up in March this year, China had to import such bearings. Since the joint venture went into production, it has exported one-fifth of its products to Europe, Japan and Southeast Asia and provided coastal development areas in China with 47 million oil bearings, accounting for 90 percent of the domestic demand. Export volume is expected to reach 70 percent of total output next year.

The joint venture was set up by the Japan Peace Industry Co. Ltd. (JPIC) and the Chengdu Electrical Machinery

Plant (CEMP) with an investment of 520 million Japanese yen. The cooperation will last 10 years, with the Japanese side providing 50.5 percent of the investment and the Chinese side the remainder. Except for the general manager and his assistant who are Japanese, all of the firm's management personnel and employees are from the CEMP.

As part of the 10-year patent and know-how transfer contract, Japan has transferred several technical programs to CPPMC. The joint venture has introduced equipment with high precision and full automation. Technical personnel from China are sent to JPIC every six months to learn advanced technology and management expertise.

The Japanese side has delayed profit sharing, using the funds to expand production.

According to Zhang Dingsheng, Chinese vice general manager, the second-phase development of the project is under way. When completed, CPPMC is expected to produce 1,000 million oil-impregnated bearings annually with 120 million yuan of annual output value and 30 million yuan profit.

Mabuchi Industry Co. Ltd., a large micro-motor producer in the world, and Epson Engineering Ltd. in Japan, have signed a two-year or more order contract with CPPMC to buy 10 million bearings every month. In addition, Sony, Hitachi and other Japanese companies are also expected to place orders.

Zhao Puchu Meets Japanese Buddhist Leader

OW0711085390 Beijing XINHUA in English
0819 GMT 7 Nov 90

[Text] Beijing, November 7 (XINHUA)—Zhao Puchu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and president of the Buddhist Association of China, met with president of the Japanese Agon Shu, Archbishop Seiyu Kiriya, here this afternoon.

During the meeting, Zhao said that exchanges between Chinese and Japanese Buddhist circles contributed to the friendly contacts between the two countries in history and will play such a role today and in the future.

Southeast Asia & Pacific

Li Peng, Thai Foreign Minister Meeting Viewed

BK0611123590 Beijing International Service
in Thai 1330 GMT 5 Nov 90

[Text] On 5 November, Chinese Premier Li Peng met Thai Foreign Minister Dr. Subin Pinkhayan in Beijing. They discussed the Cambodian problem. Premier Li Peng told Dr. Subin that an urgent task now is the election of Prince Norodom Sihanouk as chairman of the Supreme National Council so the council can start functioning. Otherwise, it would be difficult to solve

other areas of the problem. Premier Li Peng pointed out that the similar stand adopted by China and Thailand would greatly contribute to the progress in efforts toward a political settlement of the Cambodian problem.

Touching on bilateral relations, Li Peng said Sino-Thai cooperation on several issues would effectively contribute to the progress toward a peaceful settlement in Cambodia, as well as peace and security in Southeast Asia.

Dr. Subin Pinkhayan said his current visit to China is aimed at strengthening bilateral relations and cooperation between Thailand and China. Dr. Subin said Thailand is greatly interested in the development of the Mekong River Basin and, therefore, hopes China will join in the panel of the Mekong Basin Development Committee.

Premier Li Peng said the Mekong River has its origin in China. China has started several projects to develop the waterway and has built dykes as well as power stations. Li Peng expressed China's interest in the Mekong River development program, and its readiness to provide assistance to the countries along the river. He said the program will contribute to strengthening economic cooperation among countries along the Mekong River.

Thailand, SRV Agree on Settlement on Cambodia

OW2910204890 Beijing XINHUA in English
1255 GMT 29 Oct 90

[Text] Bangkok, October 29 (XINHUA)—Thailand and Vietnam agreed today that there should be a comprehensive settlement of the Cambodian issue within the framework of U.N. resolutions on Cambodia.

The two sides also agreed that further progress towards peace in Cambodia depends on Cambodians solving their dispute themselves, according to Thai Government officials today.

Vietnamese Foreign Minister Nguyen Co Thach, who arrived here Saturday night, met here today with Thai Prime Minister Chatchai Chunnawan and his counterpart Subin Pinkhayan to discuss the Cambodian issue.

At the meeting between Chatchai and Thach, Chatchai said that the rival groups in Cambodia must themselves settle their dispute over the chairmanship of the Supreme National Council formed early last month, which has held up further progress, and Thach agreed, a Thai Government spokesman said.

Thach indicated at the meeting that Vietnamese Prime Minister Do Muoi would like to meet the Thai prime minister to enhance bilateral relations and Chatchai did not object to that, Thai Government Spokesman Suvit Yodmani told reporters.

Meanwhile, the Vietnamese foreign minister also briefed his counterpart Subin about his recent talks with American officials, saying the U.S. agreed to establish diplomatic relations with Vietnam on the day when the Cambodian issue is settled.

The Thai foreign minister told reporters that he and Thach also discussed economic cooperation between the two countries and that Thailand will negotiate with Vietnam on setting up a joint committee of economic cooperation between Thailand and Vietnam.

Subin said he was invited to Vietnam for a visit on this matter, but did not tell when he will go.

Micronesian President Arrives in Qingdao

*SK0611224790 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 5 Nov 90*

[Text] His Excellency John Haglelgam, president of the Federated States of Micronesia, at the invitation of President Yang Shangkun has come here for a three-day state visit with his wife and five-member party. They arrived from Beijing by special plane at 1140 on 5 November and were greeted by Li Lanqing, head of the Chinese welcoming party and vice minister of foreign economic relations and trade. Zhao Zhihao, governor of Shandong Province, his wife, and Qin Jiahao, vice mayor of Qingdao City, made a special trip to Qingdao's Airport to greet Haglelgam.

President Haglelgam visited China in August 1988 with a delegation from South Pacific island countries. This visit is his first state visit to our country as head of state. He was warmly welcomed by state and government leaders of our country in Beijing. Accompanied by Provincial Governor Zhao Zhihao and others, President Haglelgam and his party visited with great interest Qingdao's scenic spots—(Xiaoyishan) and (Xiaoqingdao)—and the container wharf of Qingdao Port on the afternoon of 5 November. He was deeply impressed by the scenic and prosperous Qingdao.

Visits Plants

*SK0711055590 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 5 Nov 90*

[Excerpts] [passage omitted] President John Haglelgam of the Federated States of Micronesia, his wife, and entourage eagerly visited the No. 2 Qingdao foodstuff plant and the Qingdao No.7 knitting plant on the morning of 5 November, accompanied by Governor Zhao Zhihao and Li Lanqing, vice minister of foreign economic relations and trade.

The Qingdao No. 2 foodstuff plant, which shoulders foodstuff processing and exporting, has 11 modernized production lines. Demand for the plant's peanut products, cooked wheat food, candies, dehydrated vegetables, and beverages exceeds the supply in foreign markets. This plant earns \$6 million each year.

[Passage omitted] Plant Director (Feng Zuoyi) gave a detailed briefing on the plant's export situation to the distinguished guests. President Haglelgam wrote in the visitor's book: Thank you very much for your warm and friendly reception. It is hoped you will maintain your high working zeal and make greater contributions to the development of the state, the province, and various cities and localities.

At the No.7 Qingdao knitting plant, the president and his entourage showed great interest in this small plant's advanced production equipment and high-quality products. The president, on hearing the plant director say this plant can operate plants in foreign countries, pointed to Marcelino Actouka, Micronesia's secretary of resources and development, and said to the plant director: You are welcome to run cooperative plants in our country.

In the afternoon, the president and his entourage visited Lao Shan, our country's famous scenic place. They had deep impressions of Shandong's economic development after reform and opening up, and said that after returning home, they would strengthen friendly contacts with China, particularly Shandong, and promote greater cultural, economic and trade development between the two countries.

Near East & South Asia

Sudanese Leader Departs for Visit

*OW0711011690 Beijing XINHUA in English
0032 GMT 7 Nov 90*

[Text] Khartoum, November 6 (XINHUA)—Sudanese leader General 'Umar Hasan Ahmad al-Bashir, left here today for China on a week-long visit at the invitation of Chinese President Yang Shangkun, describing his visit as "historic."

In an exclusive interview with XINHUA before his departure, [he] said Sudan looks forward to improving ties with China. He also expressed hope that his visit would lay down a deep-rooted foundation for cooperation with China in all fields.

Al-Bashir, chairman of the Sudanese Salvation Revolution Command Council, is accompanied by a 22-man delegation including Foreign Minister 'Ali Sahlul, Finance and Economic Planning Minister 'Abd-al-Rahim Hamdi, Minister of Trade, Cooperation and Supply Ahmad Rijaz 'Awad, Minister of State at the Defense Ministry General 'Usman Muhammad al-Hasan [name as received].

Al-Bashir told the Sudanese daily "AL-INGAZ AL-WATANY" Monday that Sudan attaches importance to improving ties with China which "does not seek political gains or exercise political pressure." He also hoped to gain from China's agricultural and industrial technology.

A departure ceremony was accorded to the Sudanese leader at the Khartoum airport. Vice Chairman of the

Sudanese Salvation Revolution Command Council General al-Zubayr Muhammad Salih, senior Sudanese Government officials, and the provisional Charge d'Affaires of China in Khartoum Kuang Ching were on hand to see al-Bashir off.

China and Sudan have maintained good relationship ever since the establishment of diplomatic relations in February 1959. Mutual cooperation has borne abundant fruits, including the friendship hall constructed in Khartoum with the Chinese assistance.

To Meet Yang Shangkun

OW0711101190 Beijing XINHUA in English
0751 GMT 7 Nov 90

[Text] Beijing, November 7 (XINHUA)—General 'Umar Hasan Ahmad al-Bashir, chairman of the Command Council of National Salvation Revolution of the Sudan, arrived here at noon today on an official goodwill visit to China.

Al-Bashir and his party were met at the airport by Liu Suinian, chairman of the Chinese Government reception committee and minister of materials and equipment, and other Chinese officials.

Also present were diplomatic envoys of Arab and African countries.

Later today, al-Bashir will be honored at a welcome ceremony and a banquet given by his host, Chinese President Yang Shangkun.

He is scheduled to have talks with other Chinese leaders before touring Shanghai in east China.

Reportage on Foreign Minister's Visit to Egypt

WA0611193590

For reportage on the visit by Foreign Minister Qian Qichen to Egypt, Jordan, Saudi Arabia, and Iraq, including reports on his talks with officials of those countries and with U.S. Secretary of State James Baker, please see the relevant sections of the 6 November Near East & South Asia DAILY REPORT and subsequent issues.

West Europe

Song Jian Meets Nuclear Research Official

OW0711015490 Beijing Domestic Service
in Mandarin 1700 GMT 6 Nov 90

[Text] Song Jian, state councillor and concurrently minister in charge of the State Science and Technology Commission, met with Professor (Rubiya), an official of the European Organization for Nuclear Research [CERN], in Geneva 5 November. The two sides discussed strengthening of bilateral cooperation and other issues.

The CERN, located at the Swiss-French border, is one of the world's major laboratories for particle physics.

Although China is not a formal member, it has established good cooperative relations with the CERN over the years. Scores of scientists from China have engaged in several research projects there.

Song Jian told Professor (Rubiya) that the Chinese Government is very satisfied with its cooperation with the CERN, adding that the cooperation is beneficial to both sides. He expressed the hope that the cooperative relations will continue and develop further.

Professor (Rubiya) hoped that more Chinese scientists will take part in research in the CERN.

Meets Chinese Scientists

OW0611135090 Beijing XINHUA Domestic Service
in Chinese 0516 GMT 5 Nov 90

[By reporter Li Ruifeng (2621 6904 6912)]

[Text] Geneva, 4 Nov (XINHUA)—Song Jian, state councillor and concurrently minister in charge of the State Science and Technology Commission, met with Chinese scientists and technicians working in Switzerland today. He stated: China will not change its open policy in relation to science and technology. China will not only continue to maintain but also expand its scientific and technological cooperation with foreign countries, established in the past 10 years, in a bid to expedite scientific and technological development in China.

State Councillor Song Jian currently was visiting Switzerland. He held talks in the office of the Chinese Permanent Mission to the United Nations in Geneva this afternoon with more than 10 Chinese scientists and technicians studying and working in the European Organization for Nuclear Research [CERN].

Song Jian listened with great interest to the Chinese scientists and technicians as they briefed him on their work. He said afterward: You comrades working in the CERN have worked hard and scored remarkable achievements, winning honor for China's scientific and technological circles.

Song Jian then explained to them in detail China's scientific and technological policy, and brought them up to date on the scientific and technological development at home. He said: China must continue its open policy in the fields of science and technology to achieve substantial progress at the turn of the century. Scientific and technological circles have made great progress in the past 10 years of reform and opening. They shall continue to work for greater achievements in the future.

Most of the scientists are engaged in the research of high-energy physics. Song Jian said to them: The study of basic science plays an important role in promoting scientific and technological development. China has to keep an elite contingent in the research of basic science and applied basic science, such as high-energy physics. Chinese scientists must be at the forefront of scientific research. He added: The Chinese Government will give

more support to research in basic science by increasing appropriations for basic science research in the Eighth "Five-Year Plan" period.

Ding Yuanhong, Chinese ambassador to Switzerland, and Jiang Changqin, charge d'affaires of the Chinese Permanent Mission to the United Nations in Geneva, attended today's meeting.

This afternoon, Song Jian also met Professor Ding Zhaozhong, a Nobel laureate and renowned physicist who works in the CERN.

Jiang Zemin Meets Turkish Party Delegation

*OW0611191990 Beijing XINHUA in English
1658 GMT 6 Nov 90*

[Text] Beijing, Nov 6 (XINHUA)—General Secretary of the Communist Party of China (CPC) Jiang Zemin said here today he is happy about the establishment of relations between his party and Turkey's Motherland Party.

"We are willing to develop friendly relations between the two parties and the two countries in all areas," Jiang told Ahmet Albayrak, general secretary of the Motherland Party, in a meeting this afternoon with the party delegation Albayrak is heading, according to a CPC official.

The CPC and the Motherland Party decided to establish friendly relations during talks between Albayrak and head of the Liaison Department of the CPC's Central Committee Zhu Liang yesterday in Beijing.

The CPC official said Jiang congratulated the Motherland Party on its achievements since it was founded seven years ago.

Albayrak told Jiang that Turkey's President Turgut Ozal and Motherland Party Chairman and Prime Minister Yildirim Akbulut highly value Turkish-Chinese friendship.

He said Turkey will do its best to develop cooperation between the two countries.

The Motherland Party delegation is here on a visit at the invitation of the CPC.

Latin America & Caribbean

Diplomatic Ties With Nicaragua Suspended 6 Nov

*OW0711083590 Beijing XINHUA in English
0814 GMT 7 Nov 90*

[Text] Managua, November 6 (XINHUA)—China announced today the suspension of its diplomatic relations with Nicaragua in a response to the Nicaragua's announcement this afternoon to establish "diplomatic ties" with Taiwan.

Chinese ambassador to the Central American country Huang Zhiliang protested to Nicaraguan Foreign Affairs Minister Enrique Dreyfus that the decision of Violeta Chamorro's government violated the joint communique issued by China and Nicaragua when they established diplomatic ties on December 7, 1985.

The communique clearly states that the Nicaraguan Government recognizes that the Government of the People's Republic of China is the country's only legitimate government and that Taiwan is a territorial and inseparable part of the People's Republic of China.

Officials Meet Nicaraguan Parliamentary Delegation

*OW0611233590 Hangzhou ZHEJIANG RIBAO
in Chinese 30 Oct 90 P 1*

[Text] Chen Anyu, chairman of the Zhejiang Provincial People's Congress Standing Committee, met with a delegation from the National Assembly of Nicaragua headed by Speaker Myrian Arguello. The meeting took place last night at the Xizi Guest House in Hangzhou.

Chen Anyu briefed the Nicaraguan friends on Zhejiang's economic and production situation, and expressed the hope that the two sides will expand cooperation and exchanges in the economic, scientific and technological, and cultural fields in the days to come.

Speaker Myrian Arguello said that she was pleased that her delegation could do something to promote the Nicaraguan-Chinese relations.

Present at the meeting were Wang Qidong, vice chairman of the Zhejiang Provincial People's Congress Standing Committee; Liu Xin, member of the standing committee and deputy secretary general of the provincial people's congress; and Cai Shun, deputy director of the provincial foreign affairs office.

Political & Social

Daughter Reports on Deng's 'Good Health'

HK0711025290 Hong Kong HONGKONG STANDARD
in English 7 Nov 90 p 6

[Text] Deng Xiaoping still indulges in his hobbies—playing bridge and watching football on television—according to his eldest daughter.

"My father is in good health and enjoys a peaceful life at home," Deng Lin said in Tokyo on Monday.

Ms Deng is in Japan to launch a private exhibition of her paintings.

"My father is still having morning exercises and a walk every day and he has a very regular life," she told the Japanese press.

"Rumours that he is ill or dead are totally wrong and yesterday (Sunday) I had lunch with him at home," she said.

Ms Deng made a similar claim on her father's health in September when the patriarch failed to meet world leaders attending the Asian Games.

She also denied her father had a fatal disease.

"He has no health problems except his hearing difficulties. Foreign reports which said he had prostate cancer are totally untrue."

She said her father, 86, liked to watch football on television and play bridge with friends.

Ms Deng, who is said to act as her father's go-between with government and party cadres, did not say if her father was involved in decision-making on state affairs.

Deng's Son To Seek Intellectuals' Party Support

HK0711024290 Hong Kong HONGKONG STANDARD
in English 7 Nov 90 p 6

[By Fan Cheuk-wan]

[Text] China's paramount leader Deng Xiaoping reportedly asked his crippled son to visit a disgraced intellectual as a gesture to lure Beijing intellectuals to support the Communist Party.

Professor Jiang Ping, vice-chairman of the Law Committee of the National People's Congress (NPC) and member of the NPC Standing Committee, yesterday told THE HONGKONG STANDARD Mr Deng Pufang, eldest son of Mr Deng, had visited him at his residence in the China University of Political Science and Law in September.

Prof Jiang, former president of the China University of Political Science and Law and a prominent legal expert, was stripped of his presidency last February because of his sympathy towards protesting students during last year's pro-democracy movement.

Prof Jiang confirmed Mr Deng Pufang had initiated the meeting, which was held at Prof Jiang's home.

But Prof Jiang emphasised that Mr Deng, chairman of the China Welfare Foundation for the Disabled, visited him to seek his opinions on protecting the rights of disabled people.

"During our two-hour meeting, we only discussed the draft of the Law on Protection of the Rights of Disabled People. We did not talk about any other topics," Prof Jiang said.

He denied Mr Deng had passed any messages from his father.

"Since the draft law had been scheduled for scrutiny and endorsement by the NPC Standing Committee last month and I am the vice-chairman of the Law Committee of the NPC, Mr Deng visited me in September to consult my opinions," he said.

Analysts said it was unusual for Mr Deng Pufang, a cripple, to make a personal visit to the China University of Political Science and Law to solicit views of Prof Jiang.

"If Deng just wants to consult the opinions of Jiang, they can do so in the office of the China Welfare Foundation for the Disabled or many other places," a Chinese source said.

The latest issue of the China-watching MIRROR magazine, which will be published tomorrow, said Mr Deng Pufang's visit was believed to be a channel from Mr Deng Xiaoping.

The magazine said Mr Deng had asked his son to send his best regards to Prof Jiang, who was said to be grateful for the kindness of the senior leader.

"After the full retirement of Mr Deng, he has made use of various channels to understand the people's sentiment and the latest political situation," the magazine said.

"These channels included the secretary of Mr Deng's office, his sons and daughters and papers."

RENMIN RIBAO Editorial Seen as Critical of Deng

HK0611074790 Hong Kong SOUTH CHINA
MORNING POST in English 6 Nov 90 p 14

[By Willy Wo-lap Lam]

[Text] The patriarch, Mr Deng Xiaoping, has been indirectly criticised for failing to promote marxist spiritual values in an editorial in the PEOPLE'S DAILY.

"In the past few years, under the new conditions of reform and open-door policy, party construction, the construction of spiritual civilisation, and ideological and political work have been seriously neglected," the paper said yesterday.

"Because of this, many negative, corrupt phenomena have arisen and led to the strong dissatisfaction of the people."

The Daily, which is a mouthpiece of the Communist Party, said things began turning around only after the Fourth Plenum of the 13th Central Committee of June 1989, "which deeply opened up the struggle against bourgeois liberalisation".

Diplomatic analysts in Beijing say the editorial has made explicit what the party's conservative wing has been saying in private since the early 1980s—that in his fervour to re-establish China's links with the West, Mr Deng has abetted the "invasion of bourgeois-liberal ideas".

The analysts say that as the party is laying the groundwork for the Seventh Plenum, scheduled for December, a focal point of the struggle among various factions is how to assess Mr Deng's record.

The party's left wing, led by elders including Mr Chen Yun and Mr Deng Liqun, have attacked Mr Deng and his followers, such as former party chiefs Hu Yaobang and Mr Zhao Ziyang, for being half-hearted in building a Marxist "spiritual civilisation" and in combating bourgeois values.

The editorial stressed the construction of spiritual civilisation and the struggle against liberalisation were "long-term" pursuits which must never be adulterated or watered down.

The PEOPLE'S DAILY also carried a subtle warning to members of the party's liberal wing, who have been accused of devoting most of their time to economic work and neglecting ideological indoctrination.

"No matter what his portfolio is, every cadre who is a party member must shoulder the heavy task of building up a socialist spiritual civilisation," the editorial said.

It added that leading cadres must "set a personal example and be the first to demonstrate" orthodox Marxist values.

Analysts say cadres who are being targeted include liberals in the propaganda establishment, such as Politburo member Mr Li Ruihuan, a protégé of Mr Deng, and leaders of the coastal regions, who think the return of Marxist dogma will hurt local business.

As efforts to boost "spiritual civilisation", the editorial recommended institutionalising such Maoist practices as asking college students to volunteer in social-welfare work and rustivating government officials in "campaigns to learn from the masses".

Since the Fourth Plenum of the 13th Central Committee, which was held a few weeks after the Tiananmen Square massacre, the ideologues have progressively consolidated their power.

A Chinese source said: "Until the June 4 events, most cadres regarded the Third Plenum of the 11 Central Committee as the watershed in party history because the session endorsed Deng Xiaoping's open-door plank.

"Now, that honour belongs to the Fourth Plenum of 1989, after which reform policies associated with Deng have been consistently rolled back."

Procuratorial Official on Anti-Pornography Work

HK0711060090 Beijing RENMIN RIBAO in Chinese
28 Oct 90 p 3

[Article by Feng Jinwen (7458 6930 3080), deputy procurator general of the Supreme People's Procuratorate: "Handle Cases According to Law, Wipe Out Any Pornography"]

[Text] The procuratorial organs at all levels throughout the country have regarded the drive to wipe out pornography as an important task to attack criminal offenses and maintain social security. From last August to this June, the procuratorial organs nationwide have examined and arrested 1,251 offenders involved in "producing and selling erotic products," of which 81 were involved in major cases. Through examination, 1,107 offenders were prosecuted and 99 were exempted from prosecution. In light of the different cases, the offenders were arrested and prosecuted for hooliganism, smuggling, and speculation, respectively. These measures punctured the arrogance of the lawless offenders involved in producing, selling, spreading, and smuggling pornographic products.

The procuratorial organs adopted the following main methods in the drive to wipe out pornography:

1. Leading cadres at all levels attached great importance to the drive, made specific arrangements, and cooperated with the departments concerned under party committee leadership.
2. The activities of "getting involved in advance" and handling pornography cases seriously and promptly were vigorously carried out. First, they took unified action in full cooperation with the public security organs and helped these organs examine and arrest the offenders. Second, they sent personnel to join the reconnaissance and preliminary examination work in the public security organs, to become familiar with the cases in advance and make preparations for prompt arrest and prosecution. Third, they carried forward the style of fearing no hardships and continuously fighting, winding up the cases without delay.
3. Strengthening guidance over enforcement of law and policies, seeking speed while ensuring accuracy, and ensuring quality in handling cases. While handling cases, they strengthened specific guidance and promptly discovered and resolved the problems.
4. Using various means to publicize the legal system and leading the drive to wipe out pornography in depth. They made efforts to combine "attack with prevention and law enforcement with education." The procuratorial organs at all levels took note of wiping out pornography within their courtyard and purifying the environment.

At the next stage, the procuratorial organs nationwide must resolutely implement the spirit of this conference and do the following work well:

First, the broad ranks of procuratorial officers and men should foster the idea of fighting a protracted war, wipe out any pornography, enforce the law, and never be softhearted in attacking criminal offenses.

Second, continue to implement the principle of sternly attacking serious criminal offenses according to law, fully wield the weapon of law, persist in getting involved in advance and arresting and prosecuting offenders promptly, and serve the building of socialist spiritual civilization and social, political, and economic stability.

Third, adhere to the principle of attacking crime on one hand and tackling problems in an all-around way on the other, uprooting the source of pornography in connection with the handling of cases.

Fourth, continue to study the policies and laws in connection with practical circumstances, promptly analyze the criminal conditions and developments, propose countermeasures, and constantly sum up the advanced experience in wiping out pornography to develop antipornography work in depth.

Liu Fuzhi Calls for Fight Against Corruption

OW0711044990 Beijing Domestic Service in Mandarin
1030 GMT 6 Nov 90

[By reporter Wang Hua; from the "National Hookup" program]

[Text] Liu Fuzhi, procurator general of the Supreme People's Procuratorate, stressed at a national work conference of chief procurators today that the procuratorial organs should consistently regard the anti-corruption and anti-bribery struggle as one of the main focuses of their work.

According to statistics, the procuratorial organs throughout the nation have, so far, completed the investigation of more than 1,000 cadres involved in some 940 major corruption and bribery cases. Of these, 976 are at the county and section levels, 53 are at the department and bureau levels, and three are at the provincial and ministry levels.

Liu Fuzhi pointed out: It is worthy to note that about a half the corruption and bribery cases the procuratorial organs set for investigation and prosecution since the beginning of this year were for offenses committed after the issuance of the circular by the Supreme People's Court and the Supreme People's Procuratorate last year. This fact bitterly reminds us that widespread corruption and bribery have not yet been clamped down. The procuratorial organs should continue with the protracted struggle to resolutely drive out borers living inside our socialist edifice.

Liu Fuzhi emphasized: In investigating and punishing major and serious cases of corruption and bribery, the procuratorial organs should dare to overcome all kinds of interference and resistance in achieving new breakthroughs. At the same time, it is necessary to correct the erroneous ideas that the anti-corruption struggle is obstructive to the development of production, and that lenient punishment to economic crime as necessary to enliven the economy. Every effort must be made to create favorable conditions for developing the economy so that positive social benefits will emerge from the investigation of criminal cases.

Yan Mingfu May Reregister as CPC Member

HK0611143690 Hong Kong PAI HSING in Chinese
No 227, 1 Nov 90 p 65

[Article: "Yan Mingfu Allowed To Register Anew as a CPC Member"]

[Text] Since CPC United Front Work Department Head Yan Mingfu was implicated in last year's 4 June incident and was stripped of Secretariat membership and vice chairmanship of the Chinese People's Political Consultative Conference, his position as United Front Work Department Head has also been taken away. He pleaded "sickness," and the post is currently held by Deputy Heads Wu Lianyuan and Wan Shaofen on an acting basis.

Sources from Beijing say Yan Mingfu in fact is fairly healthy, and his political condition has also improved. Yan has visited some intellectuals in poor condition to give them encouragement.

According to reliable sources, Yan Mingfu has been allowed to register anew as a CPC member. It was not much of a thing for a United Front Work Department head to go through party member registration. But this was only the first step; the word is the CPC has arranged for him a new position to allow him to formally resign from the United Front Work Department.

Earlier there was news the CPC would make Ding Guangen, head of the CPC Office for Taiwan Affairs, head of the United Front Work Department. Sources say Ding Guangen has recently accepted the appointment and has started organizing manpower. First, he would put Jiang Minkuan in the deputy head position. Jiang was formerly governor of Sichuan Province.

Li Ruihuan Attends Chen Jiageng Awards Ceremony

HK0611122690 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 5 Nov 90

[Text] A meeting to issue 1990 Chen Jiageng Awards and to name Chen Jiageng Hall was held in Xiamen University this morning. Li Ruihuan, member of the Political Bureau Standing Committee of the CPC Central Committee, attended and addressed the meeting. He conveyed his warm congratulations to scientists who won Chen Jiageng Awards and extended a warm welcome to Professor (Li Yuen-che), Mr. (Chen Ku-tsun), who came

from afar, and overseas guests; as well as all comrades participating in the meeting.

Provincial leaders Chen Guangyi, Wang Zhaoguo, He Shaochuan, Chen Mingyi, Huang Changxi, Zhang Yumin, Liu Jinmei and others attended the meeting;

(Zhu Guangzhao), president of the Council of Chen Jiageng Foundation, presided over the meeting.

This is the third year Chen Jiageng Awards are being issued. Upon serious and scientific appraisal, the award-issuing committee decided to give 1990 Chen Jiageng Technological Sciences Award to (Wang Xuan), (Zheng Min), and others of the Institute of Computer under Beijing University; Chen Jiageng Agricultural Sciences Award to (Chen Xianrong) and (Xu Zhendong) of the Harbin Institute of Veterinary under the Academy of Agricultural Sciences; and Chen Jiageng Material Sciences Award to (Wang Yuan) and the late Hua Luogeng of the Institute of Mathematics under the Chinese Academy of Sciences.

Associate Professor (Zhang Jaixiang) of the Zijinshan Observatory under the Chinese Academy of Sciences briefed the meeting on the international naming of Chen Jiageng Hall.

On behalf of Cheng Chia-keng Foundation, (Zhu Guangzhao), president of the foundation Council, presented a photograph of Chen Jiageng Hall to Mr. (Chen Ku-tsun), representative of Chen Jiageng's family.

Chen Junsheng Commends Advanced Towns, Townships

OW0711043890 Beijing Domestic Service in Mandarin
1030 GMT 6 Nov 90

[By station reporter Li Renzu; from the "National Hookup" program]

[Text] A meeting commending 100 outstanding towns and townships in China was held at the Great Hall of the People this afternoon.

Vice Chairman Song Renqiong of the Central Advisory Commission and State Councillor Chen Junsheng attended the meeting to offer their congratulations. They presented prize cups and plaques to representatives of (Ninghai) Town in Shandong's Muping County and the remaining nine best towns and townships, and of (Nonggong) Township on the outskirts of Henan's Luoyang and 99 other outstanding towns and townships in China.

It is understood that there are some 58,000 towns and townships in China. Since the Third Plenary Session of the 11th CPC Central Committee, they have made important contributions to building socialist material and spiritual civilization and to promoting the economic development and social stability in rural areas. The 10 best and 100 outstanding towns and townships selected for commendation this time represent many advanced towns and townships across the country. They come

from the economic developed areas, as well as from remote frontier regions of minority nationalities. They typify the old model examples as well as new ones which have emerged since the introduction of the reform and opening policy. In 1989, their gross industrial and agricultural output value totaled 22.58 billion yuan; and the output value of 71 towns and townships individually exceeded 100 million yuan. The town with the greatest output value totaled 1.2 billion yuan. Last year, they delivered 1.58 billion yuan in profits and tax payments; and 72 of them had a 1,000 yuan per capita income. The 80 towns and townships, which are assigned with the task of delivering grain to the state, turned over 1.27 billion kg of grain to the state last year, with 1,528.5 kg per capita grain sold to the state.

Chen Junsheng spoke on behalf of the State Council at the meeting.

NPC's Sun Qimeng at Inner Mongolia Congress

SK0511115490 Hohhot Inner Mongolia Regional
Service
in Mandarin 1100 GMT 5 Nov 90

[Text] The first congress of members of the regional committee of the China Democratic National Construction Association was ceremoniously held in Hohhot this morning. Sun Qimeng, vice chairman of the Standing Committee of the National People's Congress [NPC], and chairman of the Central Committee of the China Democratic National Construction Association, attended the opening ceremony and delivered a congratulatory speech on behalf of the Central Committee of the China Democratic National Construction Association. Regional leaders including Qian Fenyong, Hao Xiushan, Shi Shengrong, Butegeqi, Cui Weiyue, Wu Ligeng, and Lan Qianfu, as well as Zhou Junqiu, director of the United Front Work Department of the regional party committee, also attended the opening ceremony.

Before the opening of the congress, Bu He, chairman of the regional government, and other leaders visited delegates at the congress and took a group photo with them.

The main items on the agenda are to hear and discuss the work report of the preparatory group of the Inner Mongolia Regional Committee of the China Democratic National Construction Association and elected the first Inner Mongolian Regional Committee of the China Democratic National Construction Association.

Qian Fenyong gave a congratulatory speech at the congress on behalf of the regional party committee. The congratulatory speech states: This congress will formally establish the Inner Mongolia Regional Committee of the China Democratic National Construction Association. It will surely play an important role in displaying the enthusiasm of members of the regional committee of the China Democratic National Construction Association and personages of the industrial and commercial circles whom they have established contacts, building the four

modernizations and realizing the region's three immediate fighting objectives. We hope that the regional committee of the China Democratic National Construction Association and other democratic parties will take the spirit of the fourth, fifth and sixth plenary sessions of the 13th party Central Committee as guidelines, conscientiously study and implement guidelines of the national United Front Work Conference, strive to strengthen self-cultivation, and actively participate in discussion and administration of political affairs. Politically, it should uphold the Communist Party leadership and the socialist road, continue to unswervingly implement the line, principles and policies of the Communist Party of China [CPC], correctly analyze the situation, enhance revolutionary spirit, and strive to struggle for building a united, culturally advanced and prosperous Inner Mongolia, developing and expanding the regional patriotic united front, and realizing the four modernizations and the great cause of the reunification of the motherland.

The China Democratic National Construction Association is mainly composed of persons from the economic circles and related experts and scholars. It is a political party serving socialist construction and is one of the components of the patriotic united front under the leadership of the CPC. The regional Democratic National Construction organizations have started from scratch and have developed gradually from small ones into big ones under the leadership of the National Committee of the China Democratic National Construction Association and the regional party committee. In 1982, grass-roots organizations were established in Hohhot and Baotou Cities. On the basis of having only 13 veteran members, these organizations had 390 members by the end of September of this year. They have become an important force in our region's united front.

At the congress, Cui Weiyue, vice chairman of the regional People's Congress Standing Committee and chairman of the regional committee of the China Democratic National Construction Association, gave a congratulatory speech on behalf of various democratic parties and mass organizations. (Chen Youjun), leader of the preparatory group of the Inner Mongolia Regional committee of the China Democratic National Construction Association, gave a work report.

Li Ximing Attends Gathering of Democratic Parties

SK0511130990 Beijing BEIJING RIBAO in Chinese
26 Sep 90 p 1

[By reporter Cao Jing (2580 7234): "People From Various Circles in the Capital Celebrate National Day and Mid-Autumn Festival Together"]

[Excerpt] This year's National Day happens to be during the same period as the 11th Asian Games and the Mid-Autumn Festival. On 25 September, people from various circles in the capital happily gathered at the Zhongshan Hall to celebrate the "three happinesses."

Attending the gathering were Li Ximing, Chen Xitong, Wang Xian, Zhao Pengfei, Bai Jiefu, Wang Jialiu, Wang Guang, Ma Yaoji, Li Guang, Lu Yucheng, He Luli, Feng Mingwei, Wang Daming, Guan Shixiong, Zhang Mingyi, Kan Guanqing, and Gan Ying, leaders of the Beijing Municipal CPC Committee and the municipal Advisory Commission, the People's Congress Standing Committee, the government and the committee of the Chinese People's Political Consultative Conference [CPPCC]. They extended greetings to responsible persons of democratic parties and mass organizations, members of the municipal CPPCC Committee, persons without party affiliation, persons from religious circles, Taiwan compatriots and their relatives, and returned Overseas Chinese and their relatives.

When extending festive greetings, Li Ximing, secretary of the Beijing Municipal CPC Committee, said: We were deeply moved by the recent opening ceremony of the 11th Asian Games. When we are celebrating the Asian Games opening in Beijing and the 41st anniversary of the founding of the country, we feel more profoundly the world-shaking changes that have taken place in New China, and the ever rising position and greater influence of New China in the world. The tremendous achievements scored after 41 years of construction, reform, and opening up cannot be negated, and are obvious to all. Although there have been mistakes and setbacks on our road of advancement, and there are still many unsatisfactory aspects in our work, the Chinese people have truly stood up, and the days when they were despised, bullied, humiliated, and trampled upon have gone forever! Light and success always belong to the Chinese people, and the future of socialist modernization will also belong to the Chinese people. No person or hostile force can stop this from happening.

Li Ximing said: The patriotic united front of Beijing Municipality has done a very good job with the construction, development, reform, and opening up of the capital, the building of the socialist spiritual and material civilizations, and the socialist democracy and legal system over the past several decades. In particular, leading persons of many democratic parties, relevant mass organizations, and nationalities affairs and religious circles have always adhered to the correct political orientation, overcome difficulties, worked hard, and maintained close cooperation with our party. I avail myself of this opportunity to express our respect and heartfelt gratitude. We hope that the various democratic parties, relevant mass organizations, and patriotic personages from various circles will hold high the banners of patriotism and socialism, give play to their positive role in the political life of the state, and make greater contributions to consolidating the political, economic, and social stability of the capital, facilitating socialist modernization, reform, and opening up, and promoting the principle of "one country, two systems" and the reunification of the motherland. [passage omitted]

Li Ximing Visits Asian Games Personnel, Village
SK0611015190 Beijing BEIJING RIBAO in Chinese
 7 Oct 90 p 1

[By reporters Zhang Hongxin (1728 4767 2450) and Liu Zhengfei (0491 2973 7236): "Li Ximing and Other Municipal Leaders Go to Asian Games Village To Visit Unknown Personnel"]

[Text] On the morning of 6 October, Li Ximing, secretary of the municipal party committee, and other municipal leading comrades, including Li Qiyuan, Meng Zhiyuan and Su Zhongxiang, went to the Huibin Building and the Asian games village to extend regards and gratitude to the unknown personnel working for the Asian games on behalf of the municipal party committee and government.

As soon as they arrived on the eighth floor of the Huibin Building, Li Ximing and his party met and talked with leading personnel from the medical, administrative, security, communications and mass work departments of the organization committee. Li Ximing asked these leading persons to convey the regards and gratitude of the municipal party committee and government to all their personnel. He then went to some offices of the administrative and security departments to visit the personnel. He said to them: When gathering together, you, comrades, actually form a large rear-service department. This is the first time that our Beijing Municipality has held such a large-scale international activity that has lasted such a long time. At home and abroad the opinions are very good, and the masses are also very satisfied. All of you are unknown heroes, and you have worked hard these days. It is only some 30 hours before the Asian games will close. All our work, which had a good beginning, should have a good end, and a final success should be achieved. The personnel asked Li Ximing and other comrades to have group pictures taken.

Li Ximing and his party also went to the dining hall for athletes to visit the cooks and service personnel. He said: "We should not shake hands because sanitation is absolutely necessary here." He folded his hands in a bow to express gratitude to the personnel. Zang Hongge, director of the administrative department of the organization department, said in his briefing: The dining hall for athletes logs more than 6,000 athletes' visits a day, and even more than 10,000 athletes' visits in peak periods. No athlete has been sick because of food. Hearing this, Li Ximing said happily that a good job had been done in sanitation and disease prevention. He said: As the Chinese saying goes, it is difficult to cater for all tastes. Chinese and foreign athletes, however, all say that our food is very good. The good results of the athletes should be attributed in part to you. The Chinese art of cuisine and culture of catering have been manifested through your hands. You have done credit to the Asian games and the motherland.

Gate one at the Asian games village is where delegates from various countries and regions should be checked

before entering the village, and where security personnel work around the clock. Li Ximing and his party went there to visit the security personnel on duty, inspect the security equipment and ask about how the equipment operated. When he learned that some of the security personnel were college student volunteers, he happily shook hands with them and expressed thanks to them.

During the visit, Li Ximing said to the reporters who followed to cover the news: You reporters have worked very hard. Newspapers have carried a lot good news items and television has also shown many good pictures. They represent not only news but artistry. Improvement has been made various fields, which is a great encouragement to our future work.

Commentator Views Advising, Encouraging Athletes
HK0611140290 Beijing RENMIN RIBAO in Chinese
 28 Oct 90 p 1

[Commentator's article: "Summarize Experience, Scale New Heights—A Few More Words of Advice for Chinese Athletes"]

[Text] At the 11th Asian Games, which recently ended, Chinese athletes indomitably competed, and do so with unity. They obtained 183 golds, 107 silvers, and 51 bronzes, broke one world record, and set 30 Asian records and 96 Asian Games records. They succeeded in obtaining the majority of golds at the Asian Games for "three consecutive years." These outstanding results have added to the motherland's glory and have contributed to the development and upgrading of Asia's sports activities. The motherland and the people praise the athletes highly for their outstanding results. All athletes, you are good examples. You have worked hard!

Victory does not come easily. It is always said that "it takes 10 years to make a good sword." The strenuous practice had prepared them for the occasion, had not it? Of course, their victory is the result of the labor of several generations of sports workers, and the energies and efforts of sports scientific research personnel, sports schools at all levels, athletes' coaches and teachers, team doctors, and other service personnel. We will not forget those people from all circles who worked hard to train our young athletes along with caring and supporting the development of our sports undertaking. "Victories or defeats are normal in contests." Those athletes who did not obtain medals have also carried forward the spirit of vigorous competition as well as those who did. And they have tried their very best. They have also added to the motherland's glory and made their efforts for the successful completion of the Asian Games. In the book of merits for the motherland's sports undertaking, we should write these respectable ones.

Although the torch fire of the Beijing Asian Games has been extinguished, the curtain of the large sports and contest arena will never be lowered. The fact that the athletes step down from the award platform implies a new beginning. Of course, the athletes should be happy about their victories.

They should see, however, that in many athletic areas our competitive levels still fall far behind the world levels. For our country to catch up with the rest of the world and become a sports power, we still need to struggle for a longer period of time. The characteristic of sports activities is competition. Everyone in a contest wants to "run faster, jump higher, or do better than others." Advantages are only temporary, but struggle is endless. At the Beijing Asian Games, Chinese athletes made an astounding jump. Nevertheless, the new hurdles are once again placed before us. The Barcelona Olympic Games in 1992, the Hiroshima Asian Games in 1994, and the Atlanta Olympic Games in 1996 are new heights for the athletes. They will have a very important task to finish. We are pleased to see that the athletes are once again involved in vigorous training. They are humble and careful, and not arrogant or rash. They press on and go straight ahead for reaching the new targets.

The fact that the 11th Asian Games was held in Beijing was good training for our sports circle and a good opportunity for us to learn. The athletes' patriotic spirit, collective spirit, selfless spirit, painstaking training, indomitably competitive spirit, and fine sports ethics have been fully reflected at the Beijing Asian Games. This is a precious treasure and deserves proper summing up so that it can be carried forward. When competing and exchanging experiences with foreign athletes, we also clearly see our shortcomings. For example, regarding the aspects of strengthening sports scientific research, upgrading the training levels of certain sports items, accumulating experiences of international contests, and understanding the situations and working out corresponding strategic plans, there are many things we can learn from other countries. We believe the athletes and coaches will properly summarize experiences, carry forward their results, find out their weaknesses, devote themselves to making improvements. And they will be ready to take new challenges in a brand-new manner.

The fact that our sports activities have been quickly upgraded is closely linked with the vigorous support of party committees and governments at all levels and of the people. We hope that people from all circles will care for and support the sports undertaking as they have for the Asian Games. We should continue to vigorously develop sports activities for the people, and on this basis we should discover and train more athletes so we can continuously supply the country with excellent athletes for the prosperous development of our sports undertaking with the result of the "next generation becoming better than the first generation." As a large country in the East with a population of 1.1 billion, China should and is able to carry forward the Olympic spirit, and should contribute more to promoting the development of the world's sports.

Discipline Inspection Theory Class Ends 5 Nov

HK0611101490 Beijing XINHUA Domestic Service
in Chinese 1117 GMT 5 Nov 90

[Report: "Central Discipline Inspection Commission Runs a Study Class in Theory"—XINHUA headline]

[Text] Shijiazhuang, 5 Nov (XINHUA)—The study class on discipline inspection theory run by the Central Discipline Inspection Commission ended at the National Training Center for Discipline Inspection Cadres today.

The theoretical study class was run by the Central Discipline Inspection Commission to meet the needs of the new situation, raise the theoretical level of discipline inspection cadres, and improve the work of enforcing discipline. Since the class opened on 10 October, the students, using the basic Marxist theory of party building as a guide and integrating it with China's reality, have studied and discussed: the important role of discipline inspection organs in safeguarding the party's nature; the basic laws of improving party style and tightening the party's discipline; and inner-party supervision.

Chen Zuolin, deputy secretary of the Central Discipline Inspection Commission, spoke as the class was ending: Fundamentally speaking, the responsibility of discipline inspection organs is to safeguard the party's nature by accomplishing the three tasks laid down in the party constitution and exercising four basic functions. Discipline inspection organs must perform their duties around the basic line of "one center, two basic points." They should have a clear understanding of the guiding ideology of "grasping with two hands" to ensure and promote successful socialist construction; have an adequate understanding of their responsibility for helping the party committee improve party style; and enthusiastically and conscientiously fulfill their role under the party committee's unified leadership.

When talking about improving party style and building clean and honest government, Chen Zuolin said: It is necessary to define the following relationships ideologically: one, the relationship between fine work style and unhealthy work style; two, the relationship between improving party style and building clean and honest government; three, the relationship between the urgent need to build clean and honest government and the need to accomplish such a task over a long period; four, the relationship between key problems and other problems in improving party style and building clean and honest government. He said: By "key problems," we mean those problems which have aroused serious public concern and have seriously affected the relations between the party and the masses. We should promote the solution of other problems by concentrating on key problems. The outstanding key task at present is that we should closely cooperate with other relevant departments in conscientiously improving party style and correcting unhealthy tendencies in various trades.

When talking about maintaining and enforcing the party's discipline and giving play to the role of discipline inspection organs, Zhen Zuolin said: Party members must observe strict discipline or we will fail to form a unified will and seek unity of action. To tighten the party's discipline, we must have a correct understanding of the relations between the need to maintain the party's discipline and reform and opening and solve related problems. We should recognize the basic objectives of the two are identical, and complement and promote each other. Observing the party's discipline provides a guarantee for the healthy development of reform and opening, while reform and opening will promote economic development, improve the people's livelihood, and increase the party's political cohesive power, thus creating favorable conditions for enforcing the party's discipline. To maintain the party's discipline, discipline inspection organs must exercise their functions; correctly understand the relationships between protection, punishment, supervision, and education; and perform the four basic duties in an all-around way.

Chen Zuolin added: Discipline inspection commissions at all levels must have an adequate understanding of the importance of theoretical study and attach importance to it. Leading cadres must take the lead in raising their theoretical level. It is necessary to integrate the study of theory of discipline inspection with the study of basic Marxist theories, basic knowledge of the party, and the party's line, principles, and policies. We should, in line with the actual situation of discipline inspection, integrate theory with practice and explore the laws of discipline inspection work.

Li Zhengting, deputy secretary of the Central Discipline Inspection Commission, also delivered a speech on improving party style and the study of discipline inspection theory.

Enhanced Party Building in Colleges Urged

HK0611022090 Beijing RENMIN RIBAO in Chinese
27 Oct 90 p 3

[Report by Wu Xinghua (0702 5281 5478): "Seminar on Party Building in Socialist Universities and Colleges Held in Changsha"]

[Text] Changsha, 25 Oct (RENMIN RIBAO)—Strengthening party building in institutions of higher learning is the fundamental guarantee for universities and colleges to uphold the socialist orientation in running schools, train successors to the proletarian revolutionary cause, and smash the "peaceful evolution" plot of the hostile forces at home and abroad. This is the unanimous view of the comrades attending the seminar on party building in socialist universities and colleges held in Changsha, Hunan from 22 to 25 October.

With studying the train of thought and mission of party building in socialist universities and colleges as the main topic, the seminar analyzed and probed into the experiences and lessons of party building in institutions of

higher learning over the decade; the current difficulties and measures adopted for party building in these institutions; the effects of strengthening party building following the political disturbance which took place between last spring and summer; and how to exercise party leadership in the institutions. Through discussions, the comrades realized their mission, widened their field of vision, deepened their understanding, and exchanged experience.

The comrades attending the seminar said that party building has been strengthened somewhat in universities and colleges. A favorable turn has been effected in the political situation. An atmosphere has appeared of lecturers and students studying Marxism-Leninism after curbing the turmoil and quelling the counterrevolutionary rebellion in Beijing and through conducting education in upholding the socialist road and opposing bourgeois liberalization. Nevertheless, it is still necessary to do a great deal of strenuous work to fulfill the mission entrusted by the CPC Central Committee to the party organizations of institutions of higher learning. The comrades expressed their determination to live up to the expectations of the central authorities and work hard to run socialist universities and colleges properly.

The seminar was co-sponsored by the QIUSHI Political Theoretical Department, BAN YUE TAN Political and Cultural Department, GUANGMING RIBAO Education Department, PARTY SCHOOL FORUM, PARTY BUILDING SOCIETY, Party Building Information Center, Party Building Theoretical Research Society of Hunan Party School, and the RENMIN RIBAO Domestic Political Department and Education, Science, and Culture Department.

Employment Statistics Show Growing Workforce

OW0611221690 Beijing XINHUA in English
1558 GMT 6 Nov 90

[Text] Beijing, Nov 6 (XINHUA)—More than four million people were newly employed in the first three quarters of this year, according to an official from the Ministry of Labor.

The official told XINHUA here today that local governments have stressed employment as a major factor in maintaining social stability.

He said that new employees have got jobs mostly in state-owned enterprises; others have found jobs in collective-owned enterprises, government organizations, the private sector and Sino-foreign joint ventures.

According to the ministry, most of the 570,000 graduates from universities have been employed in state-owned units since the government has expanded the scope of state assignments this year.

Statistics provided by the State Statistics Bureau show that in the first three quarters unemployment had dropped to 4.5 million by the end of September—about three percent.

Thanks to more employment opportunities, the industrial and commercial workforce has grown steadily this year to 137 million by the end of September. It is expected to grow to 139.5 million by the end of the year, making it two million more than last year.

Management of Drug Transportation Tightened

HK0711073990 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0816 GMT 2 Nov 90

[Report: "China Tightens Management Over Transport of Narcotic Drugs"]

[Text] Beijing, 2 Nov (ZHONGGUO TONGXUN SHE)—In view of the frequent accidents in which narcotic and psychiatric drugs were lost during transportation from one place to another, the Ministries of Public Health, Public Security, and Railways; and the State Pharmaceutical Administration recently issued a joint circular, stressing the need to tighten management over the domestic transport of narcotic drugs.

According to a report by the Beijing Purchase and Supply Station of the Chinese Pharmaceutical Company, last year, 98 types of narcotic and psychiatric drugs in 51 units were lost, mixed, or invalidated when they were being transported, and 15 types of drugs were lost. The total number of such accidents was double that in 1988. Between January and April this year, such accidents numbered 21, or increased by 16.7 percent over the same period last year. The seriousness of the accidents was also worsened.

Therefore, the four departments demanded that the units concerned transport narcotic and psychiatric drugs with containers; a detailed list of goods be attached with the consignment; the package conditions be guaranteed more strictly in order to prevent and reduce losses in the course of transport; in transit stations, the cargo be carefully verified in order to prevent it from being delivered to the wrong place. If the drugs are lost or stolen in transit, the economic losses should be borne by the responsible institution in light of the "Railway Cargo Transit Rules." Those who neglect their duties in such accidents should be disciplined according to the seriousness of the case, and those who break the criminal law must be brought to the courts for trial.

Article Urges Scientific Grasp of Capitalism

HK0611134190 Beijing RENMIN RIBAO in Chinese 26 Oct 90 p 5

[Article by Wu Jian (0702 0256) and Wang Yuming (3769 3768 0682): "Thoughts on Scientifically Understanding Capitalism"]

[Text] [Abstract] 1) Contemporary capitalism remains capitalism. Since the 1950's, capitalist production relations have changed considerably. The formation and development of state capitalism, which is characterized by the combination of state and private monopolistic capital, and a strengthened economic role for governments, have eased various contradictions in capitalism. It has entered a relatively stable period. 2) The nature of contemporary capitalism remains unchanged. Whether it is its capitalist-laborer relations, the outward expansion of capital, the international economic relations which take the "form of aid" and "cooperation," or the deceptive "mutual cooperation" of contemporary international monopolistic leagues, the exploitative and plundering nature of monopolistic capital remains. At present, the changeability of the capitalist mode operation, the unchangeability of its real nature and purpose, and the combination of the two are threaded through every socio-economic field. The inherent capitalist contradictions have not disappeared but are increasingly heightened. 3) What Lenin called "a peculiar age" and "capitalism in decline" is disappearing. But the process is very long and extremely complicated. However, overall an objective law which is independent of human will, is that the cycle of contradictory movements, and the alternating appearance of leaps and gradual change during the transitory stage which is caused by the movement, will, as an historical process, change toward socialism on a global scale. [end abstract]

Contemporary capitalism in general refers to capitalism after World War II. The development of capitalism over the last 50 years has been very different from in the past. Many new condition have appeared. To sum up, beginning in the mid-1950's, world capitalism gradually entered relative stability marked by faster economic growth, rising living standards, and a general rise in cooperation in various fields. The international capitalist class was quick to exploit this state and has launched a massive attack on Marxism; it has made an effort to beautify capitalism and paint an ugly picture of socialism. The bourgeois liberalized thinking in our country several years ago echoed this current. Many important theoretical issues were clouded. Many people were confused to various extents in ideology and understanding. With this grim situation, an important and urgent mission is to probe deeply and scientifically understand contemporary capitalism based on the Marxist stand, and with a Marxist viewpoint and approach.

Marxist materialist dialecticism is the only correct way to scientifically understand contemporary capitalism. Lenin pointed out: "The entire body of Marxist theory is to examine contemporary capitalism with the most radical, complete, coherent, and richest development theory." ("Selected Works of Lenin," Volume 3, p 243) In observing this spirit, the writer of this article intends to give some thoughts on scientifically understanding capitalism from three aspects.

State Monopolistic Capitalism Has Continued and Expanded Monopolistic Capitalism

Contemporary capitalism remains capitalism, whose economic foundation remains based on capitalist production relations with private capital as the center. This is the common nature of many kinds of contemporary capitalism; except, when compared to the past, it now has many new features, which constitute the "character" of contemporary capitalism. Chief among these new features is the change from private monopolistic capital into state monopolistic capital.

After World War II, and especially after the mid-1950's, the new technological revolution and resultant development of social productive forces provided private monopolistic capital with material conditions for further expansion. They also created, however, many unconquerable difficulties in the entire process of producing and realizing surplus value, and reproducing social capital. For example, the tremendous growth of productive forces requires that demand grow correspondingly; huge funds are required by massive construction projects and for research into high technology; prevention of a serious world economic crisis, and mediating serious friction and conflicts in international economic relations are required—all these are beyond the power of a monopolistic firm or even a monopolistic concern in a country. The difficulties experienced by private capital in expansion forced it to cooperate with the government, and to press the government to play a greater economic role in the national and international economy. At the same time, the unprecedented massing of state capital made the above demand possible. There had always been state capital in capitalist countries, but not on the present scale nor with such a great function. State capital was traditionally understood as the capital of all state-owned enterprises. It now looked as if this had been only part of state capital. The other part was state financial capital. In a state financial budget there is a certain amount of direct or indirect monetary input into the economy. In a sense state capital is the capitalization of that money.

Under the above conditions, private monopolistic capital was increasingly drawn into state capital and gradually a new form of monopolistic capital was formed, namely state monopolistic capital. It has three forms: State-owned enterprise monopolistic capital; state-private joint enterprise monopolistic capital; and monopolistic capital arising from close state and private association.

To a certain extent, the birth and operation of state monopolistic capital has changed the profit distribution of capitalism. In the past, all or most of a firm's profits went to the capitalist. Except in time of war, the state seldom played any part in profit reaping. The situation, however, since World War II has been: Contemporary capitalist states annually receive tax revenue of about half of their total profits from firms. This important new phenomenon in fact means that state-owned and private monopolistic capital is jointly exploiting and dividing

the surplus value. As a famous Japanese entrepreneur said: "Every Japanese firm submits 50 percent of their profits to the government. This means that the government and the firm are jointly running the business, 50 percent vis-a-vis 50 percent."

When state monopolistic capital replaced the private as the dominant form of contemporary capitalist relations, private monopolistic capitalism therein changed to state monopolistic capitalism. This represents a great change in the structure of contemporary capitalist production relations. Thanks to this new economic foundation—state monopolistic capitalism, the state has acquired new and unprecedentedly strong powers. Here, new powers refer primarily to the contemporary economic role of a state, whose presence can be felt in its enormity, scale, and depth. Enormity is taken in the sense of quantity. Tens of billions of U.S. dollars as state capital is the basic means by which a state can exercise its tremendous economic functions. Scale means the areas covered. Through various means, the state participates widely in the various realms of the reproduction of social capital, from circulation to production, distribution, and consumption, and from within the country to the international scene. Depth refers to its consequence. The economic role of the state ensures a smoother total reproduction process, and also the relative stability of the contemporary capitalist system and the rule of monopolistic capitalism. Since the war, the economic regulatory capacity of capitalist countries has become unprecedentedly strong, which is shown most prominently in state expenditure, investment, and control of credit and funds.

In short, ever since the 1950's, on the basis of the third technological revolution and the resulting development of social productive forces, the production relations of contemporary capitalism have undergone significant change. The formation and development of state monopolistic capitalism which is characterized by state capital and private monopolistic capital, and the unprecedented strengthening of the government's economic functions, have, since the first half of the century, so ameliorated the extreme tension among capitalism's various contradictions that a relatively relaxed state now exists; and this has ushered capitalism into a relatively stable period politically and economically. In the history of capitalist development, state monopolistic capitalism is one with the strongest capital power, the richest ruling experience, and the most complicated social contradictions. The series of new features in contemporary capitalist development all originated in state monopolistic capitalism as an economic base.

The Combination of the Unchangeable Nature of Contemporary Capitalism and the Changeability of Its Mode of Operation

Capital is a kind of social relation whose final purpose is to exploit the surplus value, or to seek profits. Capitalism is an exploitative institution in which capital plays a ruling role. This remains the fundamental nature of

contemporary capitalism. Compared with the past, however, its mode of operation has changed significantly, resulting in many new phenomena capable of shedding light, albeit in a distorted way, on its real nature.

Based on state monopolistic capitalism, contemporary capitalism features three basic social relations: Relations between the state capitalist and proletariat under contemporary capitalism; those between contemporary capitalist states and developing nationalist states; and those between contemporary capitalist states themselves. The present status of these three socio-economic relations underline the high level of the combination of the nature of contemporary capitalism, its unchangeable goals, and changeable modes of operation. To simplify the narrative, these three relations will henceforth be abbreviated as "labor-capital relations," "south-north relations" and "West-West relations."

Under capitalism, the real nature of labor-capital relations is one of capital exploiting hired labor. Before the mid-20th century, because the exploitation and rule by capital of hired labor was on the whole rather direct and cruel, the labor-capital contradiction in all chief capitalist states was very acute. But beginning in the mid-1950's, as a result of the concessions made under the reformist policy of the monopolistic capitalist class, the labor-capital contradiction in capitalist states eased up to a certain extent, and this explains the appearance of a deceptive "labor-capital" phenomenon. The so-called concessionary reformist policy consists of three things: The "Welfare state" policy, "worker-participated management" and encouraging workers to become a shareholder. To relieve social tension, post-war Western countries have generally pursued a social welfare policy of high wage, high social welfare, and high consumption. The capitalist class billed this as "welfare capitalism" and declared that it has eliminated exploitation. The truth is, that all social wealth is the result of labor and is created by the laborer. Social welfare is no exception. All welfare and compensation for the hired laborer are only the transfer, in part, of what has been taken away, directly or indirectly, from his entitled income. In fact, a full-scale "welfare state" policy drive coexists with massive poverty in Western states. There is this contradiction. As a Western scholar said: It is not that capitalism is unable to eradicate poverty but that capitalism needs it. Compared with the past, contemporary capitalism has changed from "whip plus poverty" to "welfare plus poverty." Welfare is a lure, and poverty a pressure, and together they have become a new chain on the wide mass of workers. The practice of "worker-participated management" is one of the important programs of the monopolistic capitalist class's reformist concessionary policy. The capitalist apparently raises the worker's status, respect, and gives play to his initiative and creativity. But the real purpose is to raise labor's productivity and thus produce relatively more surplus value. The so-called worker-participated management has neither changed the labor-capital's commanding-subordinate relations nor the exploitation of the working

class. Seen at face value, the massive issue of "small value shares" and encouraging "stockholding workers" have made workers small company shareholders and given them share dividends, and serve as the chief grounds for the contemporary capitalist's preaching of "people's capitalism." The truth is that behind the decentralized stockholding is the high capital concentration, with which the monopolistic capitalist strengthens his capital power, controls social wealth on a larger scale and wider scope, and strengthens exploitation of the working class and laboring people. In a word, after the war the monopolistic capitalist class launched many reformist measures concerning labor-capital relations. But none of them has touched the essential nature of labor-capital relations under contemporary capitalism. The "reform" has not reduced the exploitation of the workers over the last several decades. According to statistics, the average surplus value rates of industries in contemporary capitalist states are: The United States—280.9 percent in 1977 from the 236.7 percent in 1948; West Germany—260 percent in 1977 from the 181.4 percent in 1950; and Japan—205 percent in 1975 from the 124 percent in 1960. Is this not the best answer to the question of whether it is "labor-capital cooperation" or exploitation and suppression?!

The external expansion of capital is one of the basic means with which capitalism survives and expands. South-north relations are the result of international exploitation arising from the capital external expansion process. Before the mid-20th century, the external expansion of capital was direct and violent. South-north relations were chiefly expressed as those between imperialist powers, and colonies and vassals, the plundering and the plundered, and the ruling and the ruled. This was determined by the absolute ruling status of monopolistic capitalism in the global system. After the war, along with the decline of the old imperialist colonial system and the political independence of colonial lands, went the old colonial style of expansion. But the large, Third World countries remained economically a "lifeline" for Western countries, an important source of raw materials, a target for investment, and a commodity market. The contemporary monopolistic capitalist fashioned a new way for capital external expansion, namely neocolonialism. Its chief features are: Economic expansion as the main target, aid and cooperation as the main form; with the final purpose of gaining economic and political control of developing countries; economic "annexation" without political control, as Lenin said. Neocolonialism has given new features to south-north relations. Slowly, a special international economic relationship was formed in the contemporary capitalist global system, namely an economic exchange relationship in which northern countries to various degrees, exploit and control their southern counterparts in the form of cooperation. Having gained political independence, the Third World countries were all eager to develop their national economies, when northern countries, out of their interests and needs, also allowed Third World countries to develop to a certain degree, and, offered them in the name of "aid" certain amounts of capital, technology,

and materials. Hence there appeared some form of south-north cooperation. With the nature of the monopolistic capitalist class remaining unchanged, however, it would not, and did not give up the old international economic and political order which they had benefited from in many different ways. On this basis, the contemporary monopolistic capital class has continued to enjoy vast amounts of cheap labor, extensive commodity markets, and good investment opportunities, and therefore the purpose of grabbing high monopolistic profit, and continuing and strengthening economic and political control over Third World countries remain the same. And, all this has seriously hampered the economic development of Third World countries. This is particularly true in light of the present debt crisis and food problems, which have thrown the economies of many Third World countries into dire straits, with some on the brink of bankruptcy. The increasingly acute south-north contradiction has become the major hurdle to global economic development.

Historically, the most naked revelation of the imperialist nature of monopolistic capital powers was the struggle among themselves for colonies and spheres of influence, and the redividing of the world through a world war. Post-war West-West relations have changed significantly. International capital movement and trade among Western capitalist powers have developed tremendously. Economic exchanges and association have grown closer. The internationalization of production and finance is unprecedented. At the same time, economic friction and conflicts are increasingly frequent and competition increasingly acute. Such conditions allowed the rapid growth of an international monopolistic league, which takes two forms: International economic leagues organized and sponsored by governments, such as the EEC and OECD; and those established by firms and enterprises, such as multinational corporations and the "seven oil-exporting sister countries." To a certain extent, the appearance and development of international economic leagues have coordinated the activities of monopolistic capitalist states, and to a limited extent, eased their friction, contradictions, and conflicts. Herein lies the illusive phenomenon of "mutual cooperation" in West-West relations. In essence however, because each of the monopolistic capitalist members is seeking maximum profits for itself, any kind of international cooperation and compromise between them is only a result of a bargain between their own interests, inevitably intensifying the overt or covert struggle between them; more so when there has been an important change in the power balance of major capitalist states as a result of the uneven capitalist economic and political development among them. The sole supremacy of the U.S. has disappeared into a U.S.-Japan-Europe "tripartite" power sharing pattern. This change has intensified the struggle among them for resources, sales markets, and investment sites. Trade friction is frequent and protectionism popular. Things are as Lenin predicted more than 70 years ago: Though the actual forms of struggle among international monopolistic capital changes and adjusts

all the time, their nature and aim of seizing and dividing the world are the same as ever.

In short, under the post-war economic and political stability in capitalist countries, new features have emerged in all of the labor-capital, south-north, and west-west relations. The West is shrouded in "relaxation" and "cooperation." These new features, however, have not changed the nature of capitalism. The union of the fixed nature and purposes of contemporary capitalism, and its changeable modes of operation, and the union of a firm class stand and policy latitude of the monopolistic capitalist class thread through and are shown in every social and economic area of contemporary capitalist society. Because of the unions, the inherent contradictions of contemporary capitalism have not disappeared, but have remained and grown increasingly acute. This determines the historical status of capitalism.

The Inevitable Decline of Capitalism and the Vicissitude of the Actual Process

In terms of its historical status, contemporary capitalism remains a dying one, that is to say, one which will witness a gradual transition toward socialism.

Early at the beginning of this century, when capitalism developed to the monopolistic stage, with increasingly acute capitalist contradictions, Lenin made a full, profound analysis of monopolistic capitalism, its essential economic traits, capital activity, social and economic contradictions and their trends, and put forward the fundamental principle that shows the dying nature of capitalism. In the context of Lenin's whole body of thought, his principle about a dying capitalism at least consists of three aspects: First, when capitalism proceeds to the "monopolistic" stage, it has completed the main phase of its life and entered its "highest" and "last" stage, and from here it starts the transition toward a new social, economic mode—socialism. Second, its dying process, from the start to the actual moment of expiration, is a very lengthy historical process, requiring a whole era. Third, the transition of capitalism toward socialism on a global scale will witness colossal twists and turns, and even reversals. But despite numerous, extremely complicated coincidences, the transition will press ahead. Lenin's great scientific concept has not only been proved correct by the human history of most of this century, but has also sketched the basic outline of a prospect which is grounded in facts and accords with the objective regularity.

Socialism with public ownership of production material is bound to replace capitalism and its basis, private ownership. This is a scientific conclusion of Marxism which is based on the law that the basic social contradiction will determine the overall tendency of that society. In accordance with its inherent development logic, capitalism achieved two things at the same time: A high level of socialisation of production and a high level

of privatization of production materials. The irreconcilable contradiction between these two will finally "blow to pieces" capitalism, this final form of private ownership, and replace it with what the socialization of production requires—the socialist public ownership of production materials. The serious crises, wars, and revolutions of the first half of this century which led to the decline of the capitalist world system and an initial formation of the socialist world system, indicated that human society has indeed entered a particular historical period in which capitalism moves gradually toward socialism. Lenin's conclusion that capitalism is on its way to expiration has borne the examination of practice.

The fact, however, that there is the process of the expiration of contemporary capitalism does not mean that it is going to "die immediately" or "to become rotten wood." The process of the decline of a ruling social configuration will be very complicated and last a long time.

The process of the decline of capitalism, that is to say the transition of capitalism toward socialism, started as early as 70 years ago. But on the scale of the global historical process it has barely begun, and will last for several centuries. Famous American economist Paul Sweezy has made a historical survey of the rise and fall of social forms. He concluded: "The disappearance of a social form can only be in such a way that during the very process of decline there arises another, or several, social institutions as a substitute. Usually this is a very long process and will go through many stages. Judging from historical experience, the length of the process should be measured in terms of centuries. It is not a matter of years, decades, or even human generations." The disappearance of capitalism to be replaced by socialism is not only a human social process of one social form replacing another, but also one which fundamentally negates all forms of private ownership ever known to human history, and a return to a society of public ownership on the basis of highly developed production forces. As such, it has to be a long, complicated, and tortuous historical process. Moreover, the uneven economic, cultural, and historical development among different peoples and countries has only made the process more complicated. Capitalism can only move toward extinction in a fluctuating and cyclical manner; and these fluctuations will include certain periods of growth resulting from the successful adjustments of internal capitalist production relations, and the relatively rapid growth of those countries embarked on the capitalist path. This explains why, even when the overall development of capitalism has begun the long historical process of moving toward socialism, both in its extension and inclusion, present capitalism is still developing. Similarly, socialism can only grow in a wave-like fluctuating manner. In addition, most of the socialist countries in the real world are historically burdened with backwardness, have to different degrees traveled on a wrong path, made mistakes, and for different reasons experienced reversals. This will lengthen the objective historical process of capitalism

moving toward socialism. Practice proves that as long as capitalism can still adjust, temporarily or locally, and so far as it is within its limits, to demands posed by production socialization, and as long as its inherent contradictions are not pushed to extremes or radicalized, it will not easily yield to socialism. It will maintain its growth and continue to press ahead. If socialism, after its birth, lags behind capitalism in economic and cultural areas, and fails to give play to its own superiority, and hence fails to provide a wide-ranging possibility for a tremendous growth in production forces, then it will fail to actively influence human society and make it continue to move from capitalism toward socialism; and, moreover, exposes itself to the risk of "peaceful evolution."

Fundamentally the dynamic of the basic contradictions in capitalist society is the root cause of capitalism's transition toward socialism, and at the same time, the reason why the transition must go through a long, complicated, and tortuous historical process. Under the terms of capitalism, there is sharp contradiction between the socialization of production and the capitalistic ownership of production materials, forcing the capitalist class to continually adjust, within the limit of capitalism, production relations in an attempt to adapt themselves to requirements posed by the socialization of production. In addition its superstructure will adjust along with the change in production relations. When the demands posed by the socialization of production cannot be met by the "micro-adjustment" in old production relations put by the capitalist class, the basic contradiction and a series of other economic and social contradictions will intensify, which will eventually be resolved in an extreme, sudden, and forceful manner. The frequent crises, large-scale wars, and proletarian revolutions in the first half of this century proved this point. On the other hand, along with the development, the power of capitalism to adjust and to resist various economic and social contradictions is strengthened. So long as human society has not developed to the final stage where capitalism is totally negated, any contradiction, however intensified or radicalized, can be eased into another period of relaxation, provided the contradiction stays within the limits of capitalism. The relative stability of post-war capitalism has been rooted in the fact that basic capitalist contradictions changed from extreme radicalization into relative relaxation.

The development of contemporary capitalism is an historical process in which capitalism slowly moves toward socialism amid the contradictory movement of "extreme radicalization—relative ease—extreme radicalization." Viewed overall, the repeatedly alternating movement of contradictions in the development of contemporary capitalism; the "gradual change alternated with leaps" transitional pattern as a result of the movement; and the eventual outcome in which capitalism completes its historical mission of moving toward socialism worldwide, are all objective laws independent of man's will.

Therefore, all attempts to beautify capitalism, paint an ugly picture of socialism, and to attack Marxism are without grounds.

Military

Mao Zedong's Military Thinking Viewed

HK0711100090 Beijing JIEFANGJUN BAO in Chinese
23 Oct 90 p 3

[Article by Jiang Siyi (1203 1835 3015): "Mao Zedong's Military Thinking Is Always Our Army's Guide"]

[Text] Mao Zedong's military thinking is a new development in Marxist military theory and has an important place in world theories. Some foreign military critics also admit: "Mao Zedong is the man of our day who has mastered the key to the military mysteries of our times." Mao Zedong's military thinking was, is, and will be, the guide for the building and struggle of the Chinese People's Liberation Army [PLA].

But for some time in the past, there were also people who thought otherwise. For instance, some held that Mao Zedong Thought was a product of the "millet-plus-rifle" age and is now long outdated. Some put forward the notion that Mao Zedong's military thinking is only a school of thought. Some maintained that in modern warfare, only the highly modernized military thinking of Western countries is "advanced" and "applicable." Some negated adherence to Mao Zedong Thought in the name of "developing" it. We should not underestimate the influence of bourgeois liberalization on the Army and should unremittingly oppose it.

Mao Zedong's military thinking is a comprehensive and profound scientific system. This system embraces at least the following components: People's war, its strategies and tactics; the building of the People's Army; the theory on the building of defense modernization; an outlook on war and methodology, i.e., Mao Zedong's military philosophy and military dialectics.

This system of scientific ideas is a resplendent pearl in the Marxist theoretical treasure-house, a priceless heritage, and a "golden thread" that links up our Army's past, present, and future. It accomplished brilliant, all-conquering feats in the days of the revolutionary wars. Today, it is still full of vitality and radiant with the bright lights of truth, and is striding proudly forward in the practice of defense modernization. Mao Zedong's military thinking is now guiding us, with its unparalleled force, in our effort to build a modernized, standardized revolutionary army with Chinese characteristics. The notion of "outdatedness" is not tenable at all!

For various kinds of people in the world, Mao Zedong's military thinking may well be regarded as a "school of thought." But to our party, the Chinese people, and the Chinese People's Revolutionary Army, it is an ever-victorious guiding ideology. It is, as Comrade Lei Feng analogized, "grain, a weapon, and a steering wheel" that

are indispensable. It is by no means a "school of thought" that we may or may not study, follow, or adhere to.

Naturally however, we should draw upon and assimilate the theories, experiences, and technology of modern army building and warfare of the West and other countries. It is incorrect and detrimental to the development of defense modernization to reject necessary, useful, modern military theories and military technology. But our Army is a people's army, not only modernized but also revolutionized. Our military science, as part of Marxist social science, should subject itself to, not deviate from, the guidance of Marxism, Leninism, and Mao Zedong Thought. Otherwise, the building and reform of our Army would probably depart from the general orientation. For Communists and PLA soldiers, Mao Zedong's military thinking is our soul and unique prowess. Upholding Mao Zedong's military thinking is by no means "conservatism" but the requirement of our reality and future, our development, our reform and opening up, and of army building and warfare under modern conditions.

We believe in the concept of upholding and developing Mao Zedong Thought at the same time. The scientific nature and truth of Mao Zedong's military thinking determines that it is bound to be an ever-developing science. It emphasizes that the military practice of human beings is always in constant motion, change, and development. It does not acknowledge any ultimate state or ultimate truth. Nevertheless, the development of Mao Zedong's military thinking is based on its scientific system and basic principles. Here, adherence is the foundation and prerequisite of development. Only by adhering to Mao Zedong's military thinking and continuing to study new problems with its stand, viewpoints, and methods can we come to new, correct conclusions, and enrich and develop Mao Zedong's military thinking. Development is a result of sticking to the implementation of the ideological line of seeking truth from facts, and the integration of theory and practice. Adherence in its true sense means acting according to the inherent nature of Mao Zedong's military thinking and integrating the universal truth with new social practice, which will consequently lead to development. And only through development can we truly hold on to Mao Zedong's military thinking and make it everlasting. The true color of Mao Zedong Thought is its richest revolutionary creativity.

As early as 90 years ago, Lenin analyzed the two attitudes toward "developing Marxism": One attitude is "trying to remain a thorough Marxist, develop the basic principles of Marxism in light of the changes in conditions and the characteristics of various countries, and to study Marxist theories of dialectical materialism and political economy"; the other is "trying to repudiate a number of rather important aspects of Marxist theory." The essence of these two attitudes is: "Both of them are aimed at creating and developing Marxism, but in two different directions." ("The Complete Works of Lenin",

Volume 3, P 579) Similarly, there are also two directions on the issue of developing Mao Zedong Thought in China, namely, developing Mao Zedong Thought in order to adhere to it, or deviating from Mao Zedong Thought though claiming to "develop" it. Undoubtedly, in the new historical period, our People's Army, which is possessed of Chinese characteristics and is being gradually modernized, advocates the former and opposes the latter. We will develop Mao Zedong's military thinking in the practice of upholding and applying Mao Zedong's military thinking in the new-era defense modernization.

Since the 11th CPC Central Committee's Plenary Session, with the practice of military reform, the party Central Committee and the Central Military Commission have made contributions to upholding and developing Mao Zedong's military thinking in many respects. Here, Comrade Deng Xiaoping is the major representative, who, together with the comrades of the Army, has enriched Mao Zedong's military thinking with abundant content of our times. For instance, he correctly analyzed the change in the international strategic situation and made an important decision on the strategic shift of the guiding ideology for defense building and army building; he designated modernization, standardization and revolutionization, of which modernization is the focal point, as the overall target of army building; emphasized that the modernization in army building must have Chinese characteristics and characteristics of our Army; pointed out that military reform should be subordinate to the overall reform of the country and the general situation of economic construction, and serve the basic party line, i.e., centering around economic construction, upholding the four cardinal principles, and adhering to the reform and opening up; further clarified that the Chinese PLA is one that is loyal to the party, the country, socialism, and the people's interests, and is vested with the dual responsibility of fighting invasion from outside and subversion from inside; stressed the need to recover and carry forward our Army's fine tradition and enhance its fighting capacity; called for implementing the policy of running the Army according to law and in a strict manner, and pointed out that solving the problem concerning the leadership system and organizational system is more of a fundamental, overall, stable, and protracted nature; emphasized the need to adhere to the party's absolute leadership over the Army, strengthen political building, and strengthen and improve political work; proposed to carry forward Mao Zedong's military thinking, to study people's war under modern conditions, and develop our country's military science; made it a rule that military reform should be carried out with great courage, a steady pace, and good order; and so on and so forth.

All the above-said are important and practical subjects for study. The rich treasure of Mao Zedong's military thinking is yet to be tapped further. Let us carry out, in a better way, the important historical mission of adhering to, carrying forward, and developing Mao Zedong's military thinking

under the leadership of the party Central Committee and the Central Military Commission.

Tianjin Secretary Attends Military Police Review

SK0511043390 *Tianjin City Service in Mandarin*
2300 GMT 2 Nov 90

[Text] The national on-the-spot meeting of the people's armed police force on implementation of regulations was held in our municipality on 2 November. Li Changan, deputy secretary general of the State Council, Lieutenant General Zhou Yushu, commander, and Lieutenant General Xu Shouzheng, political commissar of the Chinese People's Armed Police Force, and Tan Shaowen, Yang Zhihua, Lu Xuezheng, Li Jianguo, Chen Deyi and Song Pingshun, municipal leaders, attended the opening ceremony.

The training center of the people's armed police force of our municipality was decorated with colored banners on the morning of 2 November. Led by the army flag, 14 units, including groups of motorcyclists, trucks, soldiers with automatic rifles and soldiers with submachine guns, passed in front of the rostrum for review. Full of power and grandeur, the officers and men marched in vigorous steps and their movements synchronized, fully embodying the mental outlook of the guardians of Tianjin.

After the military review, more than 200 representatives from the people's armed forces all over the country watched a demonstration by the Tianjin Municipal People's Armed Police Force on implementation the new or revised items of the regulations. They visited [words indistinct] and heard a report of the Tianjin Municipal People's Armed Police Force on its experiences in implementing the regulations. They spoke highly of the experiences.

Lu Xuezheng, Standing Committee member of the municipal party committee and secretary of its political and legal committee, gave a congratulatory speech at the meeting on behalf of the municipal party committee, government and People's Congress. He urged all the officers and men of the Tianjin Municipal People's Armed Police Force to follow up this on-the-spot meeting with more achievements, guard against arrogance and rashness, make the armed police force [words indistinct] and make still contributions to defending Tianjin's public security and [words indistinct].

Military Runs Class To Boost Faith in Socialism

HK0711072990 *Beijing RENMIN RIBAO in Chinese*
30 Oct 90 p 3

[Report by Zhang Yuekui (1728 2588 1145): "Beijing Military Region Organizes Senior and Midlevel Cadres To Study Theories of Socialism"]

[Text] Since early October, the Beijing Military Area has organized 130 senior and midlevel leading cadres to study socialist theories and discuss the problems found during the education on socialism and the solution to the problems, during a period of time specially allocated for the purpose. The military area is set to raise the political level of army

units throughout the area. Wang Chengbin, Beijing Military Area commander; and Zhang Gong, political commissar of the military area took part in the study.

During the first half of this year, the Beijing Military Area carried out education on faith in socialism among officers and men in a big way and achieved very good results. At the same time, officers and men also raised a number of problems which called for solution by integrating theory with practise. The Beijing Military Area party committee believed that strengthening the senior and midlevel cadres' study of socialist theories is an important step to deepen the education on faith in socialism.

An outstanding feature of the study class finds expression in closely integrating socialist theories with ideology of officers and men. Before the study class opened, the military area political department had sent a special work team to go down to army units to find out the problems of general concern with regard to the understanding of socialism. After sorting out the problems they came up with key points for study and discussion. Comrades who joined the study class conscientiously read the books assigned, grasped the basic viewpoints, and took notes. Some leading cadres at the army and division levels even wrote quality theses.

During the study, the senior and midlevel leading cadres integrated the theory of scientific socialism and the need to strengthen faith in socialism with the task of strengthening the army units politically. This stirred them deeply. They said they would vigorously do political work among officers and men around the main theme of strengthening the Army politically and training the army to remain politically reliable for ever. They would especially make adequate use of the results they achieved in the study to carry out education in socialism in a deep way so that officers and men will have a firm faith in socialism.

Recommendatory Rally of Personnel Reported

HK0611133890 Beijing JIEFANGJUN BAO in Chinese 20 Oct 90 p 1

[Report by correspondents Si Yanwen (0674 1750 2429) and Hong Heping (3163 0735 1627): "Central Military Commission Leaders Met Cordially With Some of the Beijing Military Region Cadres at or Above the Regimental Level and Air and Naval Forces Delegates to Two Separate Meetings"]

[Text] Beijing, 19 Oct (JIEFANGJUN BAO)—Central Military Commission Chairman Jiang Zemin, First Vice Chairman Yang Shangkun, Vice Chairman Liu Huaqing, Secretary General Yang Baibing, and commission members Qin Jiwei and Zhao Nanqi met cordially this morning at the Great Hall of the People with some of the Beijing Military Region cadres at or above the regimental level, delegates to a recommendatory rally of Naval Force Advanced technical cadres, and comrades participating in a Air Force party committee secretary talk at or above the divisional and brigade level.

At 0900 in the morning when Jiang Zemin, Yang Shangkun, Liu Huaqing, Yang Baibing, Qin Jiwei, Zhao Nanqi, and other leading comrades stepped into the meeting hall, there was instant loud and enthusiastic applause. Leading Military Commission comrades cheerfully greeted everybody. Then they successively came up to the comrades of the Beijing Military Region, the Naval Force and Air Force, cordially shook hands with them, gave regards and had a picture taken with the whole body.

The Beijing Military Region cadres at or above the regimental level who were seen today had either successfully led their troops to complete important missions assigned by higher levels or had scored outstanding achievements in strengthening the building of the Army. The 117 technical heroes present at the recommendatory rally of the Naval Force advanced technical cadres stood for the 5,000 or so technical cadres in special technical departments who made outstanding contributions for the modernization of national defense. On this grand occasion, the Naval Force highlighted outstanding technical cadres and lavishly cited advanced models, and also summarized and studied seriously efforts to further strengthen and improve work on technical cadres. During the sessions, comrades who attended the Air Force talk meeting of party committee secretaries of units at or above the divisional and brigade, studied the ways to maintain party's absolute rule over the Army under the new conditions, and were determined to further strengthen the building of party committees at various levels in Air Force units according to the Central Military Commission's requirements of "study, solidarity, staying clean and seeking truth."

Present at the meeting were also the responsible comrades of the People's Liberation Army's three general departments, and chief members of the leadership of the Beijing Military Region, the Naval Force, and Air Force Xu Xin, Zhao Wenyuan, Li Qiulong, Wang Chengbin, Zhang Gong, Zhang Lianzhong, Wei Jinshan, Wang Hai, and Zhu Guang.

Economic & Agricultural

Journal Outlines Price Reform Options to 1995

HK0611130190 Beijing JINGJI YANJIU in Chinese No 9, 20 Sep 90 pp 28-34

[Article by Bai Fan (4101 1581) of the Office of the Price Commission under the State Council, edited by Lu Wen (7120 2429): "Strategic Options for Price Reform During the Eighth Five-Year Plan Period;" first paragraph is author's note]

[Text] Unless otherwise noted, the data used in this article have been calculated from materials provided by relevant departments.

The period of the Eighth Five-Year Plan is an important stage in our country's economic and social development

and economic structural reform. In the area of price reform, under the precondition of realizing the target of controlling the overall level of prices, we must continue to carry out readjustment of the price structure and improve the price formation mechanism, so as to promote the sustained, stable and coordinated development of the national economy.

1. The Arduous Tasks Faced by Price Reform During the Period of the Eighth Five-Year Plan

Through 10 years of efforts, our country's price reform has barged through repeated obstacles and, through the twists and turns, has continually moved forward and realized marked results. Price reform, however, is a long-term process and many old price contradictions still have not been basically resolved. In recent years, under the harsh pummeling of inflation, new confusion has also appeared in price relations. At present, the major problems which exist in the pricing area are as follows:

The growth in prices is too great. From 1979 to 1989, there was a cumulative increase in the overall retail price index in society of 103.35 percent, an annual growth of 6.7 percent. Of this, during the period of the Sixth Five-Year Plan, the retail price index rose 18.5 percent, or 3.5 percent annually, while during the Seventh Five-Year Plan, the retail price index grew 58.8 percent or 12.3 percent annually.¹ In recent years, the high level of price rises have mainly resulted from inflation. During the Sixth Five-Year Plan period, the cumulative total of spontaneous price rises was 2.8 percent, an annual average of only 0.6 percent. This only constituted 17.6 percent of the average annual increase in the retail price index. However, in the first four years of the Seventh Five-Year Plan, the cumulative total of spontaneous price rises was 25.6 percent, an annual average of 5.9 percent, which constituted 48 percent of the retail price rise index.

The structural contradictions of pricing are still very prominent. In particular, the state-stipulated prices for primary products are too low. The contract purchase prices for grain and other major agricultural products are too low and there is great disparity between the contract prices and the market price. The inversion between purchase and sales prices is serious. If we take grain as an example, during the period 1985 to 1989, the average annual increase in contract purchase price was five percent lower than the 11 percent annual increase in production costs over the same period. The contract price/market price differential rate grew from 28 percent to 110 percent. Now the price inversion between the purchase and sales prices is more than double and for each jin of grain sold, the subsidy rose from 0.10 yuan in 1980 to 0.28 yuan in 1989. The coal and oil industries are incurring industry-wide losses. By 1989, the extraction costs of unified-distribution coal had reached 53.42 yuan per ton, while the comprehensive price for coal under the plans was only 36.48 yuan per ton. This meant an average loss of 19 yuan for each ton of coal produced and that the funds utilization rate had fallen further to -5.2 percent. Crude oil development and extraction costs have reached 143.74 yuan

per ton, while the ex-plant price of cheap oil is only 141 yuan per ton. When the other costs are added, the average loss per ton is 32.4 yuan. In addition, electricity and transport development reserves are insufficient, and posts and telegraphs are greatly in debt. In another respect, the freed commodity prices have grown markedly and the differential between these and state-managed commodity prices has expanded, producing new disorder in the price parity relationships.

Price order has become confused. In particular, the scope of dual-track pricing is too broad and the distance between the two tracks is too great. At present, the range of double-track pricing is not limited to means of production. There exists the system of dual-track pricing even in agricultural products and consumer products. In the area of means of production, the goods and material subject to planned distribution by the state have seen a great decline. From 256 types in 1984, the figure had fallen to 19 types by 1989. Of these 19 types of goods and materials, the volume of them subject to central unified distribution as a proportion of the total value of social resources, has seen a gradual decline. As the prices of the goods outside the plans have risen greatly, the disparity between the prices of goods within and those outside the plans has broadened and, at present, ranges from one to four times. For example, for coal, the figure is 71.4 percent, for cement it is 110 percent, for copper 260 percent, aluminium 300 percent and for caustic soda it is 420 percent. In addition, the phenomenon exists whereby because of the influence of "regional regimes", when products are transported to other areas, their prices rise. The higher the levels, the higher the prices rise. In the state-managed prices, the phenomenon of "one type of material having many prices" is spreading. The situation where some enterprises and some organs and institutional units have wildly raised prices and charges exists to a serious degree.

The price subsidy millstone is becoming increasingly heavy and it is difficult to continue supporting it. During the period 1978 to 1989, price subsidies rose from 9.386 billion yuan to 40.9 billion yuan, an annual average growth of 14.32 percent. Price subsidies as a proportion of financial revenue rose from 8.4 percent to 14 percent. Of these subsidies, grain and oil price subsidies rose from 3.631 billion yuan in 1978 to 17.756 billion yuan in 1988, an annual increase of 17.2 percent. As a proportion of total subsidies, these subsidies rose from 38.7 percent in 1978 to 56 percent in 1988.²

During the Eighth Five-Year Plan, we must gradually resolve the above-mentioned problems. Thus, the task faced by price reform is an extremely arduous one. It has to both reduce the overall level of prices, which is too high, and must readjust the irrational price structure, control and reduce price subsidies and readjust price order. The contradictions are extremely acute.

2. The Macroeconomic Environment and the Guiding Ideology in Price Reform During the Period of the Eighth Five-Year Plan

Seen from the present situation, initial results have already been achieved in the policy of economic improvement and rectification put forward by the Fifth Plenary Session of the 13th CPC Central Committee. The situation of overall demand inflation has been controlled, the inflationary gap between overall supply and overall demand has been reduced, and the rate of increase in prices has seen a gradual reduction. The period of the Eighth Five-Year Plan, however, may well bring into the open many latent factors which could produce imbalance between social demand and social supply and it is going to be extremely difficult to achieve the goal of controlling the overall level of prices.

Seen from the demand side, the current inflationary gap between overall demand and overall supply will remain quite high. Although the amount of money issued in 1989 was brought under control, it was still 10.14 percent up on the previous year, far exceeding the 3.9 percent growth in GNP and the 3.7 percent growth in national income.³ In general, inflation has a particular characteristic and that is that the effect of excess money issue on prices is not entirely dissipated in that year and some effect will continue for a time. In the period 1985 to 1988, the excessive issue of money was quite serious and its delayed effects must not be underestimated. At the end of 1989, the surplus purchasing power of the society was over 700 billion yuan, equivalent to 86 percent of total commodity retail sales in that year. If in the next few years, the firmness in macroeconomic regulation and control is not correct and the market sees unrest, this tiger will leap out of its cage and the market will not be able to bear it. During the period of the Eighth Five-Year Plan, because of the influence of controls on overall demand and the readjustment of the industrial structure, it is unlikely that there will be a big improvement in the situation of poor enterprise results and the difficulty of increasing financial revenue will also be great. In another respect, after 1990 we will enter the peak period for domestic and foreign loan repayments, and there will be a quite great increase in financial expenditure. Based on initial estimates, if during the Eighth Five-Year Plan, we maintain the current scale of debt and net debt income is zero, the repayment of principal and interest just on domestic debt will range between 40 billion and 50 billion yuan per year, equivalent to 40 percent of central financial income at that level. If we maintain the current scale of net debt income, the amount of principal and interest to be repaid will be even greater. If the financial administration does not achieve any major breakthrough in terms of increasing income or economizing on expenditure, it will be difficult to avoid a fiscal deficit, and that will lead to supraeconomic issue of money. Also, seen from the credit situation, during the Seventh Five-Year Plan, the majority of capital construction projects, when decided upon, had not arranged sufficient basic circulating funds.

After these projects were completed and put into production, they borrowed the large volume of necessary circulating funds. Over recent years, because of the increase in the price of means of production, enterprises' circulating funds have become increasingly tight. Because of the great increases in prices during the Seventh Five-Year Plan, enterprises' fixed assets have gone up in value. Depreciation funds, however, have not seen commensurate increase and the phenomenon whereby enterprises have to use their capital to renew assets has become serious. In the next few years, quite a number of enterprises will be entering the period when they have to renew or transform their fixed assets. At that time, because of the insufficiency of depreciation funds, there will inevitably be a demand for increased fixed asset credit. We can see that during the Eighth Five-Year Plan, it will be extremely difficult to achieve a balance in credit income and expenditure. If, over the next few years, macroeconomic controls are not firmly enforced and there is even a little loosening, it is very likely that there will be further inflation of overall demand and currency inflation will become more serious.

Seen from the supply side, during the Eighth Five-Year Plan, grain, energy and other primary products will remain in tight supply. Whether or not agricultural production and especially grain production will be able to leap to a new level, will be mainly decided by whether or not the area under cultivation can be increased greatly, whether or not there are new breakthroughs in agricultural science and technology and whether or not basic agricultural facilities can be improved. These problems cannot be completely resolved at one stroke. Because of the growth in population, even if grain production does leap to a new level, it will be very difficult to maintain the current level of per-capita grain output. According to estimates by relevant departments, if grain output reaches 450 billion jin in 1995, and population reaches 1.2 billion, the average amount of grain available to each person will only be 375 kilograms, 18.5 kilograms less than in 1984. The investment cycles of the energy, raw materials and communication and transportation industries are quite long. For the coal industry to build and put into production a new mine with annual production capacity of over 600,000 tons, a period of about 10 years is required. Whether there can be great increases in production over the next few years has mainly been decided by investment during the Sixth Five-Year Plan and the Seventh Five-Year Plan. According to predictions by relevant departments, around 1992 the coal industry will have almost no new mines being put into production and, at the same time, quite a proportion of old mines will be entering the abandonment stage. The oil industry has the same problem to a differing degree. At that time, it is likely that a serious energy shortage will occur. In addition, the Eighth Five-Year Plan period also conceals many dangerous elements which will lead to a reduction in overall supply: 1) In respect of dealing with inflation, if we are over-anxious for results and cut back too drastically, the

current situation of market weakness and economic "landslide" will continue and we may even see further deterioration. Although growth in prices may quickly fall to below 10 percent, following this there will be a powerful rebound, creating a situation of "stagflation", which it will be difficult to recover from. 2) To pass through the difficulties and eliminate the deficit, it is necessary for the financial administration to do much in terms of increasing revenue and economizing on expenditure. On the one hand, it is necessary to greatly increase tax revenue and, on the other hand, it is necessary to "get rid of the millstones" by greatly reducing subsidies for enterprise losses and price subsidies. This is going to bring great difficulties to enterprise production operations. 3) At present, foreign exchange reserves are very small and, for several years to come, in order to pay off the principal and interest of rapidly increasing foreign debt, we must increase exports, greatly reduce imports and this will thereby reduce the effective domestic supply. 4) Under the influence of macroeconomic retrenchment and economic structural readjustment, for the next few years there will be a great amount of surplus labor in enterprises. To maintain social stability, the basic livelihoods of these staff and workers must be guaranteed. This will lead to the wage costs of these enterprises rising greatly and this will seriously affect enterprise results.

From this we can see that the restraining factors on price reform during the Eighth Five-Year Plan are quite powerful: 1) The percentage which spontaneous rise in prices constitutes in the overall level of increase will remain quite high, and the leeway for readjustment of the price structure will be quite small. 2) The capacity of the financial administration to support readjustment of the price structure is quite weak. 3) The capacity of the processing industries to absorb the primary product price rises is quite small. 4) The capacity of residents to bear price rises is quite low. Thus, during the period of the Eighth Five-Year Plan, in price reform we should follow the principle of acting according to our abilities and achieving stable progress. This will be of benefit in controlling the overall level of prices and maintaining a stable economic and social situation. Under these preconditions, we should readjust the price structure in accordance with the principle of it being beneficial to the readjustment of the industrial structure and the product structure, beneficial to the alleviation of financial difficulties, beneficial to holding down irrational demand and beneficial to optimizing resource deployment. Also, in accordance with the principle of organic combination of the planned economy and regulation through market mechanism, we must push forward the reform of the price formation mechanism.

The Fifth Plenary Session of the 11th CPC Central Committee stipulated that during the period of economic improvement and rectification, we must gradually reduce the inflation rate and gradually bring the increase in retail prices to below 10 percent. This is a requirement for the maintenance of economic and social

stability. It is thus both an economic task and a political task. In accordance with this spirit, by the end of the Eighth Five-Year Plan, retail prices should be held to about five percent. Arranging things in this way will ensure that economic growth is not affected by excessively strong braking, and will also be beneficial to maintaining economic and social stability. When we consider that there are many latent factors which will promote price rises during the Eighth Five-Year plan, we can see that the difficulty in achieving this goal is quite great. Thus, we have to subordinate this reform to overall economic and social stability, fully consider the restrictions imposed by the capacity of the financial administration to support the reforms, the enterprises' absorption capacity and the residents' ability to bear the reforms, and carry out readjustment of the price structure and reform of the price formation system at a pace which is not too great. To coordinate with the readjustment of the industrial structure, however, we need to support the development of agricultural production and especially production of major agricultural products, and promote the further growth of the energy and raw materials industries as well as the communications and transport industries. At the same time, we will have to readjust prices in order to control price subsidies and alleviate financial difficulties. In order to accord with the needs of developing the commodity economy, and gradually standardizing economic order, we must promote reform of the price reform mechanism. Thus, in price reform during the Eighth Five-Year Plan, we should adopt the "limited target strategy". That is, while not exceeding the limits imposed by overall price level control targets we should, in accordance with the dynamics of macroeconomic regulation and control and the market situation, choose medium steps or small steps as the situation demands. We should not first arrange the price reform agenda and then fix the overall price level control targets. Only by implementing this strategy will we be able to guarantee the realization of the overall price level control targets set for the Eighth Five-Year Plan period. The meaning of the "limited-target strategy" also includes the idea that the readjustment of prices is not overall, systematic readjustment and neither is it readjustment which will achieve its goals in one step. It only means that problems which involve outstanding contradictions will be gradually resolved. The readjustment of the proportions of the three types of price forms must also be carried out in accordance with our own capabilities and we must place the focus of the reform of the price formation mechanism on the readjustment of the pricing order. In this way, we can strive to form, during the Eighth Five-Year Plan, a standardized pricing order and a quite rational price structure.

3. The Basic Goals of Price Reform During the Eighth Five-Year Plan

1. The main goals of the readjustment of the price structure during the period of the Eighth Five-Year Plan are the alleviation of the contradictions whereby the price of primary

products is too low and the correction of the inversion between the purchase and sales prices of some commodities.

To coordinate with the readjustment of the industrial structure and the product structure, support the development of agriculture and promote the further growth of the energy, raw materials, communications and transport industries, we must raise the low state-stipulated prices of primary products. However, there will be clear differences between the readjustment of agricultural product purchasing prices and means of production prices. After the purchase prices of agricultural products are raised, if we do not appropriately raise the sales prices, the financial administration will have to increase expenditure. A sales prices increase, however, will have quite an effect on market prices. With the raising of the prices of the means of production, the financial administration can increase its revenue and the effect on retail prices will be quite small. In considering the difficulty of achieving a balance between financial income and expenditure during the period of the Eighth Five-Year Plan and the very great difficulty of achieving the overall price level control targets, the focal point in the readjustment of the price structure should be placed on the prices of the means of production. Further, seen from the price structure, as for many years the readjustment of the prices of the means of production has repeatedly given way to readjustment of agricultural product prices and other reform measures, the contradictions which have accumulated in the pricing of means of production have become increasingly great, and the problem of industrial product prices being too low has never been basically resolved. This has become a major obstacle to industrial development. Thus, during the period of the Eighth Five-Year Plan, we need to take the readjustment of the prices of the means of production as the focal point. In particular, we need to resolve the problem of industry-wide losses in the coal industry and the oil industry. Within the limits allowed by state financial capacities, we should appropriately raise the agricultural product purchase price and especially the purchase price of grain. To reduce the burden on the financial administration, to support the raising of the purchase price of grain and other major agricultural products, we should appropriately raise the sales price of primary and non-staple foodstuffs. On the basis of raising the prices of primary products, we should appropriately arrange the price standards of processing industry products, import and export commodity products and charges for basic urban facilities.

We should raise the purchase price of grain and other major agricultural products. In order to promote the development of grain production, the purchase price of grain and other major agricultural products must be raised. Considering the restrictions brought by financial difficulties, however, we cannot raise the prices by too much, and must just raise them gradually. The crux lies in resolving the problem of contract purchase prices for grain, cotton and oil being too low, and in rationally arranging the price relations among agricultural products. The amount by which the grain purchase price is raised should be appropriately higher than the amount by which grain production costs have increased, so that

the increased costs in planting grain can be compensated. It must also be higher than the amount the prices of other agricultural products are increased by, so that the comparative benefits differential between grain and other agricultural products can be gradually reduced. To reduce the difficulties of the contract purchase of grain, at the same time as raising the contract purchase price, we must strengthen control over the negotiated purchase prices, so as to gradually reduce the differential between contract prices and market prices. The purchase price for oil-bearing crops should be arranged in accordance with the grain purchase price. In arranging the purchase price of cotton, we should consider rational price parity between grain and cotton and also make reference to the international market price, so that cotton production can accord with the needs of the international and domestic markets. In the arrangement of sugar crops and silkworm cocoon purchase prices, we should act in accordance with the rational arrangements which encourage the movement of sugar crops northwards and the movement of silkworm cocoon production westwards. The purchase price of live pigs should follow the grain market price, with the negotiated price of maize as the base. The price parity between live pigs and grain should be arranged at about 1:5.5. The overall increase in the purchase price of agricultural products should not be lower than both the increase in the prices of the consumer products of rural industry and the rise in the price of agricultural means of production, so that the increased income which the peasants obtain from the price rises when they sell their agricultural products is a little greater than their increased expenditure as a result of price increases in consumer products of rural industry and in agricultural means of production.

We should appropriately readjust the sales price of staple and non-staple foodstuffs. In order to alleviate financial difficulties, keep down irrational demand, reduce waste and eliminate speculation and profiteering activities, there is a need to appropriately raise the sales price of staple and non-staple foodstuffs, and reduce the degree of price inversion. At present, the volume of grain sold at cheap prices only constitutes one half of the volume of overall grain sales and expenditure on grain as a proportion of the income of staff and workers has fallen from 17 percent in 1978 to five percent in 1989. The readjustment of food grain price will basically have no effect on the prices of non-staple products, while the effect of the readjustment of food grain prices on market prices has already been greatly weakened. During the period of the Eighth Five-Year Plan, we can carry out readjustment of the prices of staple and non-staple products in accordance with the principle of "not incurring new debts and paying off some old debts", so as to reduce the burden of price subsidies on the financial administration. At the same time, in accordance with the degree to which the livelihoods of staff and workers are affected, we must appropriately raise wages, or issue subsidies to staff and workers. The readjustment of the sales price of grain and oil can be divided into two steps: The first step is to wage a peripheral war and try, by 1992, to greatly phase out

cheap sales of grain and oil, except for rationed food grain and food oil. The second step is to launch attacks on special points and at a chosen appropriate time, to readjust, at one stroke, the price of rationed food grain and food oil.

We should greatly raise the price of energy. The price of coal should be readjusted in accordance with the principle of eliminating subsidies, compensating for newly-increased costs and guaranteeing an enterprise's capital and allowing some profits to be made. This will allow the coal industry to gradually form self-development capacity and reduce the burden of financial subsidies. As, in recent years, the per-ton costs of coal extraction and extra-operational expenditure has grown by about four yuan every year, then given the previous shortfall of 19 yuan per ton, we need to raise the per-ton price of coal by about 10 yuan per year over the five years of the plan. By 1995, the price of planned coal will be 137 percent above the 1989 price. After the planned coal price readjustment achieves its goal, the price for coal outside the plan should be abolished. The comprehensive price level for coal will rise about 50 percent on the present base and the coal industry will have a certain level of profits. Given that the series of chain reactions which will result from the readjustment of the coal price will be quite long and it will affect the market to quite a degree, the rise in the coal price should be implemented gradually. To conserve resources, we should adopt a pricing policy of using coal and electricity to replace oil and thus we should greatly raise the crude oil price. Not only should we eliminate the loss subsidy and compensate for newly-increased costs, but we should ensure that the extraction of crude oil allows a quite high level of profits. On this basis, it is calculated that by 1995, the price of cheap crude oil will be more than 220 percent up on the 1989 price. On the basis of raising the price of cheap oil, we can start to bring the dual-track prices on to a single track, the comprehensive price level of crude oil will be about 70 percent up on the current level, and crude oil extraction will be able to achieve a quite rational profit level. After the price of crude oil is raised, we should carry out readjustment of the prices of oil products and rationally arrange price parity among oil products, in accordance with the principle that the petrochemical industry will absorb some of the price rises, while the rest is passed on. The price of electricity should be appropriately readjusted following the increases in the prices of coal and oil products. At the same time, the relative price level of electricity should be appropriately raised, so as to guarantee that the electricity industry has a fairly rational profit rate level. On the basis of appropriately raising the relative price of electricity, we should readjust and merge the diverse electricity prices and implement a unified price for electricity. In order to guarantee that newly-established electricity enterprises have the capacity to repay interest and capital, we should continue to implement the policy of "new prices for new electricity".

We should make appropriately arrangements for the prices of raw materials, posts, telegraphs and communications, means of agricultural production and products of heavy industry and the processing industries. The

comprehensive price level of ferrous and non-ferrous metals is no longer low and, following the readjustment of coal, electricity and transport prices, the price for products within the plan can be appropriately raised. At the same time, the prices for products outside the plans should be controlled, so as to generally maintain the current levels of profit. To benefit the regeneration of forest resources, we should gradually raise the low price for unified-distribution timber in the north. The prices of transport and communications have, over the last two years, seen continual major readjustments and the comprehensive price level is now quite high. However, in order to satisfy basic construction demand, there is a need to maintain the current profit rate levels, and we will have to compensate for the effects of increases in the prices of energy and raw materials. Posts and telegraph charges have long remained unchanged and the deficits are excessive. We should carry out some readjustment. As the purchase price for agricultural products cannot be raised greatly, we should adopt measures to maintain the basic stability of the prices of agricultural means of production. In the chemical industry, construction materials industry and machine-building industry, we should appropriately readjust prices in accordance with changes in costs.

In the area of the price of industrial consumer products, we must firmly control chain reactions whereby prices are raised in response to increases in the prices of agricultural products, energy and industrial raw materials. We must adopt measures to force processing industries to absorb the majority of the price increases. In respect of the small number of consumer products which at present have low prices and, after increases in the prices of primary products, the enterprises will no longer be able to maintain normal production operations, we should provide them with appropriate avenues.

In respect of import and export product prices, in order to reduce the financial subsidies, we should expand the range of the agency system for import commodities. Apart from for grain and chemical fertilizer, for the other six types we should gradually implement agency pricing. To encourage exports and hold down imports, we should correspondingly readjust foreign exchange rates on the basis of the increase in the costs of exports.

In respect of the pricing of urban tertiary industry, we should promote the reform of the housing system and gradually raise rents and correspondingly readjust wages. Appropriately raising the price of water used by residents and by industry will be beneficial to economizing on water usage. Public transport charges and other low charges should also be appropriately readjusted.

2. The basic orientation in the reform of the price-formation mechanism during the Eighth Five-Year Plan is, in accordance with the principle of organic combination of the planned economy and regulation through market mechanism, the further perfection of the price management system, with the focal point being readjustment of the pricing order.

The combination of the planned economy and regulation through market mechanism is, on the pricing level, manifested as a combination of three price forms, comprising prices fixed by the state, prices guided by the state and prices regulated through the market. This includes three aspects: 1) The proportion which each of the three price forms occupy in the overall national economy; 2) The specific form of combination of the three price forms; 3) The patterns of movement of the three price forms. The specific form of combination can also be divided into three levels: The first level is the regional combination form. That is, the proportions of the three different price forms in different regions. The second level is the ownership combination form. That is, the proportion which the three price forms constitute in different ownership forms. The third level is the product combination form. That is, whether there is one price form or several price forms for a single product. Over the last 10 years, the reform of the price formation system has been limited to readjusting the proportion which the three price forms constitute in the overall national economy. The specific combination forms and the patterns of movement of the three price forms have been ignored. This has led to a situation of extremely confused pricing order and low price management efficiency, exacerbating the structural contradictions of pricing and increasing the difficulty of controlling the overall level of prices. Thus, during the period of the Eighth Five-Year Plan, at the same time as continuing the readjustment of the overall proportions which the three price forms constitute, we should stress the reform of the specific forms of combination of the three price forms at the three levels, and readjust the patterns of movement of the three price forms, so as to standardize the pricing order.

In the overall proportions of the three price forms, we should differentiate the early period of the Eighth Five-Year Plan from the latter period. The final goal of our country's price reform is the establishment of a system whereby the price of a small number of major commodities and labor which are important to the national economy and the people's livelihood are managed by the state, while the prices of the majority of other commodities and labor are regulated through market mechanism. Price reform, however, is a long process and this process is a spiral rather than a straight-line process. We cannot simply take the proportion constituted by market-regulated prices as the sole indicator of the progress of reform. It will be necessary to regularly carry out readjustment in accordance with the situation. In the various stages of price reform, because of differences in the macroeconomic environment, the degree of market development, the demands and coordinating capacity of economic structural reforms in respect of price reform, and other objective conditions, there will be differences in the proportion constituted by the three price forms. Under conditions where the economic environment is relaxed and overall supply and demand are quite balanced, the proportion of market-regulated prices can be a little greater. Under the opposite conditions, the proportion should be a little less. During the Eighth Five-Year Plan, in order to coordinate with economic

improvement and rectification, hold down inflation and control the growth in prices, we should appropriately centralize price management powers and expand the proportion of state-managed prices. Considering that since the implementation of the policy of economic improvement and rectification, quite a few measures for centralizing price management have been initiated, if we implement restricted prices for some freed commodities, and recover some management power level by level, we will basically be able to accord with the demand to hold down inflation. For the next few years, we should maintain the current basic situation of three price forms, further consolidate and improve the policies and measures which have already been initiated and carry out partial readjustment of the specific commodity price management forms. The prices of a number of major commodities and labor which it was inappropriate to free in the first place, should be again placed under planned management, while the prices of some products which are not essential for livelihood and for which supply and demand are basically balanced, can be freed at the appropriate time. At the end of the Eighth Five-Year Plan, following the improvement of the macroeconomic environment, the elimination of inflation and the overall deepening of economic structural reform, we will be able to appropriately expand the proportion of prices regulated through market mechanism, and delegate power and free up and enliven pricing.

In terms of the regional form of combination of the three price forms, we should implement differentiated policies. The levels of economic development in our country's eastern, central and western regions are very unbalanced. Facts have proven that in a country like ours with its huge territory, large population, quite weak productive forces and greatly unbalanced levels of economic development, it is not possible to establish a national, unified market within a short period, and that there are many problems with having a unified price management method. Developing and improving regional markets first and then gradually forming a unified national market appears to be the market development road best suited to our national conditions. Thus, there should be differences in the proportions of the three price forms in different regions. In the SEZs and coastal open areas in the east, the commodity economy is quite developed and the degree of market development is quite high, the financial situation and enterprise results are quite good and the level of residents' income is far higher than in the central and western regions. In various respects, these areas are quite suited, in an overall way, for the reforms and will be quite able to bear them. These areas are also the windows by which our country is opening to the outside world. To accord with the needs of opening up, the proportion of freed prices must be higher than in the central and western regions, so that the price formation mechanism is more flexible. However, the scope of freed prices must be limited to real estate, consumer goods and local tertiary industry, and at the same time, there must be linkage with neighbouring regions.

In terms of the form of ownership combination between the three price forms, the combination must be beneficial to the development of whole-people ownership enterprises. At present, the scope of state-managed prices is limited to whole-people ownership enterprises. The various types of non-whole-people ownership enterprises are basically left to do as they wish in terms of pricing. These latter enterprises can arbitrarily raise purchase prices, vie to buy raw materials and raise the prices of the products they sell at will. Such a combination form is not beneficial to forming an environment of equal competition, it protects backward production modes and it assists in the growth of the abnormal economic phenomenon whereby the "small fish eat the big fish". To promote the development of whole-people ownership enterprises which are the basis of the socialist economy and the backbone of the national economy, to readjust the enterprise organizational structure and the structure of the scale of enterprises, and raise macroeconomic results, then following the readjustments in the areas of goods and materials, investment, taxation and credit, we should gradually implement the principle of the same price form for the same type of product produced by enterprises under different ownership systems.

In terms of the form of product combination between the three price forms, we should put great efforts into readjusting the dual-track system for the prices of the means of production. The implementation of two price forms for the same product produced by the same enterprises constitutes the "dual track system of pricing" and it has great defects. Over recent years, the problems with the dual track system of pricing for the means of production have become increasingly obvious and they have been manifested in: There have been great increases in the prices of goods outside the plans, resulting in it being difficult to control the overall level of prices; there has been a great differential between the prices of goods inside the plans and those outside the plans. This has promoted confusion and various phenomena of confusion in the circulation sphere; the irrational price guidance has meant that state planning has been subject to serious pummeling; because of the confusion in pricing, economic accounting has been extremely difficult. Thus, the problem of the dual-track system of pricing must be resolved as quickly as possible. The bringing together of the two tracks into a single track, however, has been restricted by economic movement forms and various complex interests structures which have already been formed, and thus there is great difficulty in achieving this. Therefore, we must positively do our best and act in accordance with our own capacities in resolving the problem of dual-track pricing, gradually reduce the number of types of means of production for which there is dual pricing and also reduce the disparity between the prices of the products inside the plans and those outside the plans. As to those important means of production, such as coal, oil, natural gas, steel products, and non-ferrous metals which are of importance to the national economy and the people's livelihood, for which supply will not meet demand for a long time to come, and the production of which is

subject to monopoly, we should select an appropriate time to merge the two tracks and implement a unified fixed state price. In respect of such means of production, we should combine track-merging with price readjustment and, through stepped, gradual readjustment of the pricing within the plans, raise the comprehensive levels of prices within and outside the plans and then carry out merging of the tracks. In respect of the goods and materials for which the state planned distribution proportion is very small, and for which there is a basic balance between supply and demand, such as cement, sulphuric acid and glass, we can completely free the prices. In respect of such means of production, we should combine track merging with taxation readjustment. Thereby, the additional income derived from the increased prices after freeing will, through taxation channels, be centralized by the central financial administration and be mainly used in subsidizing the devaluation of key construction investment produced by the increase in the price of raw materials. As to those means of production which do not at present have the conditions for track merger, we should limit the negative role of the dual-track prices by raising the low state-fixed prices and holding down excessively high market prices so as to reduce the price differential between goods inside the plans and those outside, and thereby create conditions for further track merger.

We need to readjust the patterns of movement of the three price forms. The importance and compulsory nature of state-stipulated prices must be stressed, the prices of those major products and labor which affect the national economy and the people's livelihood must be firmly managed, and we must firmly suppress the phenomena of "the higher the level, the higher the power, the higher the price" and "the price rises when the goods change location", hold down indiscriminate price increases and stop random levying of charges. We must consciously use the law of value, fully consider the market supply and demand and the requirements of state policies, carry out price readjustment in timely way and guard against price contradictions accumulating and becoming more serious. We must increase the scientific nature of state price fixing and put great efforts into rectifying the phenomenon of "many prices for one type of goods" and improve cost accounting practices. In accordance with the principle of "unified leadership and graded management", we must improve the system of price management by levels. For state-guided prices, we need to stress their guidance nature and their binding nature. In accordance with the changes in the objective conditions, we need to carry out readjustment of guided prices so as to strengthen their flexibility. We need to establish a price readjustment fund and a reserve discount fund system for major commodities, as this will be beneficial to the realization of guided prices. We should use legal and administrative measures to strengthen the binding force of guided prices. As for prices regulated through the market, at the same time as considering their flexibility, we must guard against acute fluctuations. To this end, we must strengthen and improve management, improve the system for reporting and recording price increases, the systems for

ensuring that prices are clearly marked, the system for licensing enterprises to fix prices and the methods for controlling price differentials, so as to be gradually able to implement profit rate control measures and oppose both monopolies and super-profits.

Footnotes

1. Drawn from "Statistical Yearbook of China (1989)" and "China Statistical Summary (1990)"
2. "China Statistical Summary (1990)"
3. "National Economic Development and Social Development Statistical Gazette 1989"

Liu Guoguang Urges Expansion of Reform Scale

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in Chinese No 43, 29 Oct 90 p 12

["China Economic News" Column: "Liu Guoguang (0491 0948 0342) Says the Scale of Reform Certainly Must Be Expanded"]

[Text] At a recent meeting, economist Liu Guoguang pointed out: At present, the rectification and improvement have scored some results, for example, the overheated economy has slowed down, the high rate of inflation has decreased, and people have eased their mind on price trends. But we have met increasingly more profound structural problems, such as the problem of economic returns, and the problem of structure. These problems cannot be solved only by administrative means, for they have their roots in the economic mechanism, including the microlevel self-restraining mechanism, the relations between the central authorities and local authorities, and the macrolevel mechanism for regulation and control; what is needed is transformation and perfection of the mechanism. Therefore, in the whole course of rectification and improvement, the scale of reform certainly must be expanded.

Liu Guoguang also said: Through the efforts we made in the past two years, we have secured a comparatively easy environment, and this is a best chance for deepening the reform. Under the present situation, as long as we can control the total amount of currency supply and stabilize the macrolevel situation, we can carry out appropriate price reform. There are some products which must be managed by planning, but for some products which have an ample supply, they can be released on the market to reduce the subsidies granted by the state.

Editorial Urges Steady Agricultural Development

HK0611121290 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 6 Nov 90 p 1

[Editorial: "Strive for Sustained and Stable Agricultural Development"]

[Text] This year, weather is good for the crops and the peasants of our country have worked hard to win another good crop year: The output of summer grain and early rice

has increased, good news about a bumper autumn grain harvest keeps pouring in, and it is estimated gross output of grain in the whole year will be four percent more than last year's record and will amount to over 420 billion kg; and a large quantity of economic crops, including cotton, oil-bearing crops, sugar crops, and fruits, livestock, and aquatic products will record an increase in an all-around way. Two years' bumper harvest has altered the situation in several consecutive years of stagnant agriculture, aroused the morale of hundreds of millions of peasants, and strengthened the people's confidence in striving for the promotion of agricultural production.

As for agriculture, we cannot draw a conclusion in the light of one or two good crop years because our country's agricultural production is now still greatly affected by weather. The two consecutive years of bumper harvest, however, has indeed deepened our understanding of the importance of maintaining the stability of the rural policies. Stabilizing the basic rural policies, reassuring the rural people, and stabilizing the peasants' enthusiasm for production is an important prerequisite for guaranteeing the stable growth of the rural economy. Without this basic prerequisite, although the heavens give further assistance and people continue to work, stable agricultural development cannot be fundamentally achieved. Historically, the situation of a bad harvest with good weather was not rarely seen. In this sense, adhering to the orientation of rural reform and maintaining the stability of the basic rural policies are the most important reasons for an all-around increase in agricultural production this year as well as the most valuable experience.

After last year's political disturbance, peasants once feared changes and were worried that the good policies formulated since the Third Plenary Session of the 11th CPC Central Committee would change. The new party Central Committee with Comrade Jiang Zemin as the core is ready to promptly look into the feelings and will of the people and clearly and definitely emphasized many times the basic policies, including the system of contracted responsibilities on the household basis with remuneration linked to output, will continuously remain stable and unchanged. Then the Central Committee made an appeal for mobilizing the whole party and country concentrating the forces to run agriculture well and for really strengthening leadership over agriculture; and proposed on the foundation of stabilizing the system of contracted responsibilities on a household basis with remuneration linked to output, two-tier operation should be perfected and socialized services should be vigorously developed. This series of measures has reassured the people, aroused the peasants' enthusiasm for labor, and laid a solid foundation for wresting an all-around bumper agricultural harvest. When it is a foregone conclusion that we shall have a bumper harvest, we shall understand more specifically and profoundly the important significance of the central authorities' policy decision on stabilizing the rural areas.

Two consecutive years' bumper harvest was hard-won and is the result of the combined efforts of the whole country. Over the past two years, with a view to changing the conditions for production, an upsurge in mass farmland and water conservancy capital construction has appeared again. More and more peasants have come to understand the necessity of relying on science and technology to rejuvenate agriculture. Improving moderate and low yield fields, reclaiming uncultivated land suitable for farming, building protective forests, organizing the comprehensive development of agriculture, increasing input in agriculture in many aspects, raising the prices of some agricultural products ordered by contract, smoothing circulation channels, and establishing the system of storing up state grain are important conditions for steadily developing agriculture.

Agriculture is the foundation of the national economy. Stable agricultural growth is the important guarantee of the smooth development of the national economy as a whole. Practice proves once again this extremely important principle. Over the past year and more, although our country has encountered various economic difficulties, our industry has dropped too sharply, and our market has been weak continuously, as agriculture keeps growing steadily, the urban and rural markets have had an ample supply of staple and non-staple food, there has been an ample supply of raw materials for light industry, prices have been stable, the overall situation in the national economy has been stabilized, the people have been reassured, society has been stable, and we have been able to solve all difficult problems one by one. In sum: As agriculture is stable, the overall situation is stable.

A bumper harvest is gratifying and a continuous bumper harvest after several years of stagnation is even more encouraging. We must absorb, however, the previous lessons and by no means have a slack and unrealistically optimistic mood. In the year of increased production, we must keep a clearer head and analyze and judge the situation more accurately. This is a piece of historical experience. At present, on the one hand, we must see that our country has really greatly developed agriculture in recent years and laid a foundation for initially solving the problems of food and clothing for the people of the whole country. This is an extremely amazing matter. On the other hand, we must also see that the basic conditions for our country's agricultural production have not improved greatly, the conditions are still fairly weak in some aspects, circulation channels are not smooth, and it takes some time to solve many problems, including the problem of not totally rational product price ratio, that restrict continuous agricultural growth. It is necessary to exert strenuous efforts to achieve the target of promoting agriculture before the end of this century and meeting the needs of the population and economic growth. The leaders at all levels must greatly treasure the good bumper harvest situation and take the lead in going all out, doing practical things, and scaling heights.

Compared to industry, it will take a longer time to enhance comprehensive agricultural production ability

and an environment for maintaining stable policies appears even more important. After the bumper harvest, all places can summarize their successful local experiences but must not ignore the basic common experience. To stabilize and perfect the system of contracted responsibilities on a household basis with remuneration linked to output, it is essential to vigorously develop socialized services and to solve the difficulties that one family and one household cannot solve. In developing socialized services, the system of contracted responsibilities on a household basis with remuneration linked to output can be given new vitality and the superiority of collective and unified operation and the enthusiasm for household operation can be combined. Perfecting the two-tier operation structure is beneficial to emancipating the productive forces, strengthening the collective economy, consolidating grass-roots political power, and strengthening the party's rallying force to organize the peasants. Therefore, the development of socialized services is a focal point of deepening rural reform in the future. In the coming year, all places must exert efforts to implement the present policies and to achieve perfection and coordination. The places where conditions allow can develop operation on a moderate scale according to the masses' demands and the principle of voluntary participation. As the economic levels of all places are different and their natural conditions are not completely identical, in agricultural development, they cannot attempt "demanding uniformity in everything" and must follow in order and advance step by step.

The bumper harvest is a rich fruit of stability and the bumper harvest has further promoted stability. Only by continuously maintaining stability can we advance steadily and wrest a new and even bigger bumper harvest. It is hoped the leaders at all levels must firmly remember this and lead hundreds of millions of peasants to scale new heights in agriculture with a brand-new mental attitude and by working in a down-to-earth manner.

Winter Agricultural Projects Construction Begins

OW0611221790 Beijing XINHUA in English
1601 GMT 6 Nov 90

[Text] Beijing, Nov 6 (XINHUA)—China has launched a large-scale campaign to build capital construction projects in rural areas during the winter slack farming period to ensure good harvests next year.

By the end of October more than 600 million labor days had been spent on the construction of irrigation facilities and improvement of poor farmland.

1.1 billion cu m [as received] of earthworks had been completed and 630,000 ha of arid land had been brought under irrigation and 2.7 million ha of eroded land had been improved.

The governments of 22 provinces, autonomous regions and municipalities have worked out plans for farmland improvement during the winter-spring season and prepared special funds and materials for the purpose.

The government of Shaanxi Province, in northwest China, has earmarked 19 million yuan for construction of water conservancy projects. Jiangxi Province, in east China, has supplied 4,000 tons of steel and 1,000 tons of cement as well as other materials necessary for irrigation facility construction.

Grain, Cotton Production Bases Key to Agriculture

*OW0711003390 Beijing XINHUA in English
1439 GMT 6 Nov 90*

[Text] Beijing, November 6 (XINHUA)—Specialized grain and cotton production bases are playing increasingly important roles in China's agriculture.

To date, China has built 253 grain production bases, 97 cotton bases, 600 bases for cattle, sheep and pigs, 87 vegetable bases and some flax and tea bases.

The output of marketable grain bases across China accounts for 20 percent of the total grain output. Cotton bases produce 40 percent of the total cotton, and aquatic product bases, 30 percent.

According to recent statistics, the central government has invested three billion yuan in the construction of various types of production bases in the past five years. Local governments have also invested a similar amount for this purpose.

Thanks to a preferential policy for construction of key production bases, the grain output of such bases has increased by up to 30 percent, and cotton output, by eight percent.

East Region

Shen Daren Addresses Military Service Meeting

OW0511224290 Nanjing XINHUA RIBAO in Chinese
29 Oct 90 p 1

[Excerpts] A provincial meeting on exchanging experiences in "achieving three good results" in military service work closed on 28 October. Facts show that Jiangsu Province has made great accomplishments in reforming the military service work and achieved good results in supplying the People's Liberation Army [PLA] with outstanding soldiers, helping PLA units train excellent fighters, and employing skillful Army veterans. In the province, more vigor has been instilled into military service work; recruitment, military service, and discharge of servicemen are well planned; and recommendation, training, and use of personnel are well coordinated. These achievements have further enhanced the people's awareness of national defense needs, promoted the stability of troop units, improved the troops' military and political quality, and boosted local economic development. The province's experience in this regard is affirmed by the PLA's general departments and the Nanjing Military Region. [passage omitted]

Shen Daren, secretary of the provincial party committee, attended and addressed the meeting. Vice Governor Ling Qihong delivered the opening speech. Chen Kehou, deputy commander of the Jiangsu Military District [former political commissar of the Jiangsu Military District], gave a work report, and representatives of 23 units reported on their experiences at the meeting. Other speakers were Zhang Zhaoxun, commander of the Jiangsu Military District; and Wei Changan, political commissar of the Jiangsu Military District [former political commissar of the Jiangxi Military District].

During the meeting, 27 units received the honor of advanced unit "achieving three good results" in Jiangsu's military service work.

Shandong Strives To Rectify Work Styles

SK0611230990 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 5 Nov 90

[Text] The work committees of the organs of the provincial party committee and government held a rally for secretaries of leading party groups, party committees, and cadres at the section level and above in the province on the afternoon of 5 November in Jinan to work out ways to enforce regulations recently created by the provincial party committee on rectifying the ideology, work styles, and discipline of the party and government organ cadres.

Guo Changcai, secretary general of the provincial government and secretary of the work committee of the provincial government organs, presided at the rally. Ma Zhongcai, Standing Committee member, secretary general of the provincial party committee, and secretary of

the work committee of the provincial party committee organs, gave a mobilization speech to organize the rectification activities of the province organs. Ma Zhongcai said that during the current rectification activities, we first should successfully rectify ideology.

He said: We should exert more efforts to distinguish right from wrong on matters of principle to raise the party and government cadres' awareness of the importance of maintaining a high degree of political unity with the party Central Committee. Second, we should successfully rectify work styles, overcome bureaucracy, and enhance the concept of being public servants to achieve more efficient provincial organs and serve the grassroots and masses even better. Third, we should successfully rectify discipline, overcome the unhealthy trends of liberalism, decentralism and factionalism, and eliminate power abuse for selfish gains, embezzlement and bribe-taking to create a vivid and lively situation characterized by diligent and honest service and strict and impartial discipline in the provincial organs.

Zhang Quanjing, Standing Committee member of the provincial party committee and secretary of the provincial Discipline Inspection Commission, imparted many opinions and demands on the current rectification activities by the provincial organs.

Jiang Chunyun Attends CPPCC Work Conference

SK0711015590 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 5 Nov 90

[Excerpt] The provincial conference on the work of the Chinese People's Political Consultative Conference [CPPCC], which concluded 5 November, urged that, under the leadership of the CPC Central Committee and the provincial party committee, we should closely unite and go all out to progress and raise the province's CPPCC work to a higher level.

Jiang Chunyun, secretary of the provincial party committee, delivered an important speech at the conference. Li Zichao, chairman of the provincial CPPCC committee, also spoke. He summarized the province's CPPCC work during the last few years and its major discoveries.

He said: There are two such discoveries. One is that to accomplish reform and construction, the CPPCC should take the initiative in following the CPC's leadership, hold high the banners of patriotism and socialism, grasp firmly the basic line consisting of one central task and two basic points, and focus its work on the central tasks of the party and the government. The other is that it should fully develop socialist democracy; respect the opinions, rights, and interests of those outside the party; recognize the importance of developing the CPPCC's role in the state's political, economic and social sectors; and continuously consolidate and expand the patriotic united front.

In his speech, Li Zichao put forward the four aspects of work which should be emphasized now and in the future.

These are: to know what people actually think and conscientiously eliminate their conceptual obstacles; to continue strengthening the building of the CPPCC itself; to perform the CPPCC's functions, develop its trained personnel, and contribute to a long period of stable economic development; to intensify propaganda on policies regarding Taiwan, develop contacts and friendship with Taiwan, and help implement the principle of one country and two systems and the peaceful reunification of the motherland.

Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor, spoke on the provincial party committee's opinions on how to successfully implement the conference's guidelines. He pointed out: The CPPCC, an organization of the united front, should fully develop its role in unity and coordination, and actively coordinate the relationships among various sectors, resolving contradictions, stabilizing the people's feelings, and maintaining political and social stability. It should conscientiously perform political consultation and democratic supervision, and encourage people from various circles—on the premise of upholding the four cardinal principles—to continue to emancipate their minds and use their brains, air their views freely, and put forward more constructive ideas on facilitating reform, opening up, and the development of various projects. [passage omitted]

Zhu Rongji Meets With CPPCC Members

*OW0411124690 Shanghai City Service in Mandarin
1000 GMT 3 Nov 90*

[Text] Zhu Rongji, secretary of the Shanghai Municipal Party Committee and mayor; Wu Bangguo, deputy secretary of the Shanghai Municipal Party Committee; and Ni Tianzeng, vice mayor, today met and held discussions with some members of the Chinese People's Political Consultative Conference [CPPCC] Shanghai Municipal Committee from Hong Kong and Macao, who are conducting surveys in Shanghai, at the CPPCC office.

In his speech, comrade Wu Bangguo pointed out: The municipal party committee and government will seriously listen to everyone's suggestions and welcome Hong Kong and Macao CPPCC members' active participation in and discussions on political and government affairs, and contribute plans and strategies for the development of Shanghai.

Wu Bangguo and Ni Tianzeng also briefed the Hong Kong and Macao CPPCC Members on the current Shanghai's social, political, and economic conditions; the municipal administration; traffic conditions; and tentative programs for reform.

Committee members (Lu Daquan), (Wang Jianwei), (Liu Haojin), (Lin Feishi), (Gu Quanlin), (Gu Xiaokun), (Chen Jinbang), and (Zhang Heshi) spoke freely with municipal party and government leaders. They made many constructive proposals on such things as investment in factories, land leases, real estate, and management of domestic civil

aviation, which are related to Pudong's development. They suggested that Shanghai's overseas offices should further publicize Pudong's development.

Committee members maintained that in recent years, especially since the beginning of Pudong's development, the investment environment in Shanghai has somewhat improved and the legal system has been gradually perfected. They were particularly impressed with the tremendous progress of the Nanpu Bridge construction project. They were sure that with this pragmatic and down-to-earth spirit, there are hopes for China's reform and the development of Shanghai and Pudong.

Also present at the meeting were Mao Jingquan, Wang Xing, and Wu Zengliang, respectively vice chairmen of the CPPCC Shanghai Municipal Committee; Chen Fugen, secretary general of the CPPCC Shanghai Municipal Committee; and Zhao Dingyu, deputy head of the United Front Work Department.

Zhu Rongji Meets Hong Kong Financial Officials

*OW0311041790 Shanghai City Service in Mandarin
2300 GMT 1 Nov 90*

[From the "Morning News" program]

[Text] At the invitation of Mayor Zhu Rongji, a five-member delegation from Hong Kong, including Sir Zhai Kecheng, financial department head of the Hong Kong Government, and his wife, paid a visit to Shanghai yesterday.

Mayor Zhu met the guests at the Pengshan Guesthouse last night. In a friendly atmosphere, they talked about strengthening visit exchanges and cooperation between Shanghai and Hong Kong. Li Chuwen, adviser to the municipal government on foreign affairs, and others were on hand during the meeting.

Responsible persons of relevant departments of the municipal government also discussed Shanghai's economy and Pudong's development plan with the guests yesterday morning.

Shanghai Praises Efforts To Promote Integrity

*OW0711031790 Shanghai City Service in Mandarin
2300 GMT 5 Nov 90*

[Station commentary: "It Is Necessary To Constantly Correct Irregularities in All Departments"]

[Text] According to the latest issue of LIAOWANG, Shanghai Municipality did a pretty good job in promoting ethical integrity among government officials in the preceding period; the key to its success lay in its effort to set strict demands for leading cadres. The Shanghai Municipal Government set eight rules. The municipal supervisory bureau kept a close watch on cadres at and above the bureau level in government organizations and resolutely investigated and handled

any discovered problems. So, leading cadres have generally been strict with themselves in ensuring honesty in their official duties.

The LIAOWANG report is full affirmation of the achievements of the Shanghai Municipal Government in correcting irregularities in all departments. It is also an encouragement to this municipality.

In recent years, irregularities in various departments, like a corrosive element, have hurt the people's morale. A small number of cadres are taking advantage of their authority, which is entrusted to them by the party and the state, to seek private interests. Although small in number, they have ruined the good reputation of the party and the government, creating many difficulties for the people. They abuse their authority to seek and accept bribes, divorce themselves from the masses, act like overlords, and make things difficult for everyone, causing universal complaints among the people. Irregularities in various departments are corrupt practices causing the most complaints among the people.

The party Central Committee and the State Council decided to stress building a clean and honest government in the second half of this year and correcting irregularities in various departments. The decision has hit the nail on the head. To correct irregularities is an important measure which enjoys immense support from the whole party and all the people. It is also an important task with bearing on our country's stability and socialist modernization.

We believe that correcting irregularities in various departments is an important task with a bearing on long-lasting law and order in the party and the country and on smooth sailing in our socialist modernization. We should carry out the task constantly and persistently to the end until good results are achieved. Leading organs and the masses should work together, strengthen their supervision, and make concerted efforts to resolutely stop such irregularities as power-money deals and taking advantage of one's authority to seek private gains, thus building a truly clean and honest government.

Central-South Region

Deng Hongxun Attends Meeting on Screening Housing

HK0711050990 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 5 Nov 90

[Excerpts] [passage omitted] By 31 October, our province had found that some 4,773 people had built private houses but are still occupying public housing. [passage omitted]

Since the provincial authorities sent work groups to screen houses in various areas on 6 September, after studying documents and mobilizing people at all levels, various areas have accelerated their work of screening and recovering public housing. Dongfang, Sanya, Qionghai, Qiongsan, Haikou, Wenchang, Chengmai, and other cities and counties have basically accomplished their tasks of screening and recovering public housing,

made plans, and held discussions among the masses with a view to distributing the recovered public housing to those who badly need it. [passage omitted]

The work groups, sent by the provincial authorities to various cities and counties to screen houses, have done a lot of work. The work groups sent to Sanya, Qionghai, Haikou, Qiongsan, Dongfang, Wanning, and other cities and counties and the second provincial inspection group have done exceptionally good work in this connection. They have resolutely implemented the provincial party committee and government's instructions, conscientiously and responsibly carried out their work, boldly tackled thorny problems, and investigated and cracked major and serious cases. [passage omitted]

On the afternoon of 3 November, the provincial party committee held a standing committee meeting to listen to a report on province's work in screening houses. Provincial party committee Secretary Deng Hongxun and Governor Liu Jianfeng fully affirmed the first-phase work of screening houses and arranged for the second-phase work of screening houses. They stressed: For a period in the future, in carrying out the work of screening houses, it is necessary to focus attention on cadres at and above department levels who have built private houses by seriously abusing their powers. It is also necessary to boldly investigate and crack major and serious cases, carry out in-depth investigations in this regard, clearly explain the policies of screening houses to the cadres and masses, and conscientiously carry out ideological work among the retired cadres to dispel their misunderstandings about the work of screening houses.

North Region

Zhang Dinghua Discusses Enterprise Party Schools

SK0611120490 Hohhot NEIMENGGU RIBAO
in Chinese 5 Oct 90 p 1

[By reporter Zhu Fu (4376 4395): "Run Enterprise Party School Well and Strengthen Educational Work for Party Members of Enterprises"]

[Text] The regional forum on building enterprise party schools was held in Baotou from 24 to 27 September. Zhang Dinghua, deputy secretary of the regional party committee, gave an important speech on how to run enterprise party schools well.

Zhang Dinghua noted: Striving to run party schools is one of the strategic measures for strengthening party building and the building of the ranks of party members. So, large enterprises should run regular party schools; medium-sized enterprises, if conditions permit, should also run regular party schools; enterprises without conditions or whose conditions are not ripe should run part-time party schools; and small enterprises should also run part-time party schools. Party members, in addition to participating in day-to-day study, should also be released from work for study. Some young and middle-aged party members and cadres in particular,

including directors of workshops and leaders of work shifts and groups, must be trained systematically. Activists who want to join the party must be allowed to study in party schools.

Zhang Dinghua stressed: Party schools are one of the important departments of the party committees. Party committees at all levels should pay attention to party schools, place them under the direct leadership of the party committees, and include the party school work on their agenda. It is necessary to select and assign comrades who have a fairly high level of Marxist theoretical level and rich experience and who are enthusiastic in the party's educational undertakings for cadres to serve in the leading bodies and the ranks of teachers of the enterprise party schools, further clarify the tasks and role of party schools, and make the cadre training work more institutionalized and standardized.

According to incomplete statistics, as of now, the whole region has run more than 780 enterprise grass-roots part-time party schools. At this forum, 15 units, including the Propaganda Department of the Baotou City party committee and the Nailin Textile Plant in Chifeng City, introduced their experiences in establishing enterprise party schools. The forum also discussed our region's "regulations governing the work of grass-roots part-time party schools for trial use" and worked out plans for popularizing the practice of establishing grass-roots part-time party schools in enterprises in one year or so.

Inner Mongolia Increases Use of Foreign Capital

SK0611124890 Hohhot NEIMENGGU RIBAO
in Chinese 2 Oct 90 p 2

[By Hu Meilin (5170 2734 2651): "Our Region Witnesses Great Progress in Importation of Foreign Capital"]

[Text] Since the introduction of the policy of opening to the outside world, our region has witnessed great progress in the importation of foreign capital, which has promoted the development of economic construction.

From 1979 to 1989, the state-owned departments throughout the region utilized 1.699 billion yuan of foreign funds to invest in the fixed assets, accounting for 6.5 percent of the total investment in the fixed assets during the corresponding period. Since the Seventh Five-Year Plan, the pace of drawing foreign capital and importing advanced foreign technology has been accelerated further. From 1986 to 1989, the foreign capital accumulatively utilized by the region amounted to 772 million yuan. The region has paid attention to utilizing foreign capital in a reasonable manner, thus playing a positive role in readjusting the region's investment structure.

Foreign-funded enterprises in the region also developed well along with the constant deepening of the open policy and with the improvement in the infrastructure and investment environment. As of 1989, industrial and commercial administrative departments issued licenses

to a total of 27 joint ventures involving foreign funds. Of these, 23 were Sino-foreign joint ventures and four were Sino-foreign cooperative enterprises. The registered funds of solely foreign funded enterprises amounted to \$69.91 million, accounting for 61.2 percent of the total registered funds of joint ventures involving foreign capital. Of the joint enterprises involving foreign funds in the region, 81.5 percent are productive ones.

Utilization of foreign funds has greatly accelerated the pace of technological progress of existing enterprises. By the end of 1989, the region utilized 103 million yuan of foreign funds to invest in technological transformation and renovation of enterprises. Of this figure, 72.27 million yuan were used in the four years since the Seventh Five-Year Plan, which vigorously promoted the technological progress of chemical industrial, building materials, electronics, light industrial, and textile industrial enterprises. Since 1979, the region has imported 280 advanced foreign technological projects, and some \$100 million have been consumed for these projects, of which some \$30 million were foreign funds. Now, 200 imported projects have been put into production, the profit- and tax-yielding rate of investment in this regard is 40 to 70 percent, and a total of \$200 million of foreign exchange have been earned, two times the foreign exchange invested.

Inner Mongolia Lateral Associations Develop

SK0611142090 Hohhot NEIMENGGU RIBAO
in Chinese 2 Oct 90 p 2

[By reporter He Suzhen (0149 4790 3791): "The Region's Lateral Economic Associations Achieve Sustained and Steady Development"]

[Text] Over the past few years, along with the constant deepening of the economic structural reform, the region's lateral economic associations have developed in a sustained and steady manner. On a mutually beneficial basis, in adherence to the principles of regarding the region itself as the predominance and adopting flexible and varied measures, the region has extensively conducted trans-regional, trans-professional, multi-layer, and many-sided economic associations with outside places and has vigorously imported funds, equipment, and technology from outside places, thus energetically promoting the region's economic development.

According to statistics, since 1985, the region has realized some 3,400 projects with regard to lateral economic associations, and the total investment involved by these projects has totaled 2.7 billion yuan, of which, 900 million yuan have been imported from outside places. In 1989, despite the situation in which the whole country was curbing the scale of investment and cutting expenses, the region realized 484 cooperative projects, of which 231 were economic cooperative projects and 253 were technological cooperative projects. The total investment in these projects amounted to 447.8 million yuan, of which 286.66 million yuan were imported from outside places and 238.79 million yuan were practically

imported in that year. In 1989, the region imported 837 sets of equipment. When all of these sets of equipment are put into operation, output value will increase by 368.03 million yuan, and the newly added profits and taxes will amount to 73.42 million yuan.

Since 1985, light industrial and the metallurgical industrial projects have constituted the focal part of the lateral economic association projects, and have been developed in a relatively rapid way. In 1985, the light industrial cooperative projects numbered 61, with the total investment reaching 40.8 million yuan, of which 17.45 million yuan were imported from outside places. As of 1988, the light industrial cooperative projects reached 117 in number, with the total investment reaching 252.96 million yuan, of which 45 million yuan were imported in that year, respectively showing an increase of 92 percent, 520 percent, and 158 percent over the figures in 1985. In 1989, under the situation of carrying out economic readjustment, the cooperative projects still reached 56, with the total investment reaching 205.24 million yuan, of which 64.82 million yuan were imported in that year. In terms of the metallurgical industry, the cooperative projects numbered 21 in 1985, and the total investment in this regard amounted to 55.14 million yuan, of which 20.63 million yuan were imported from outside places in that year. As of 1988, the number of cooperative projects in the metallurgical industry reached 55, and the total investment reached 301.79 million yuan, of which 96.28 million yuan were imported in that year, respectively showing an increase of 162 percent, 447 percent, and 367 percent over 1985. In 1989, the region still realized 29 metallurgical industrial cooperative projects, with the total investment reaching 46.82 million yuan, of which 31.8 million yuan were imported in that year.

Inner Mongolia City, Town Employment Changes

SK0611143490 Hohhot NEIMENGGU RIBAO
in Chinese 28 Sep 90 p 1

[By Wang Xiuyun (3769 4423 0061): "Five Changes Take Place in Our Region's Urban Employment"]

[Text] Along with the deepening of the economic structural reform and the unceasing development of social undertakings, our region has persisted in the "three-in-one" method of combining job assignment by labor departments with voluntary collective employment and self-sought employment under the state arrangements and guidance in carrying out our region's urban employment work and has scored gratifying results in this regard. There were five changes in employment in cities and towns.

1. The number of employed persons increased, and the unemployment rate dropped. During the past 10 years from 1979 to 1989, some 2.145 million job-seekers in cities and towns were provided jobs. This showed that an average of 214,500 persons were provided jobs each year. The unemployment rate in cities and towns dropped from 15 percent in 1979 to 3.69 percent in 1989.

Because of the steady increase in the number of employed persons, the number of workers in cities and towns across the region reached 3.753 million by the end of 1989, an increase of 1.323 million over 1979. Of this, 2.71 million were workers of state-owned units, an increase of 780,000 over 1979; 860,000 were workers of urban collective units, an increase of 362,000 over 1979. The number of workers in cooperative units developed from zero in 1979 to 2,573; and the number of self-employed workers in cities and towns reached 181,000, an increase of 179,000 over 1979.

2. Reform of the worker employment system was deepened and new changes took place in the structure of the ranks of workers. In 1989, the number of regular workers of state-owned units across the region was 2.105 million, an increase of 85,000 over the figure of 2.02 million in 1986, accounting for 77.7 percent of the total number of workers, a decline of 2.6 percentage points from the 80.3 percent in 1986; the number of contract workers in 1989 was 205,000, an increase of 96,000 over the figure of 109,000 in 1986, accounting for 7.6 percent of the total number of workers, an increase of 3.3 percentage points over the 4.3 percent in 1986; the number of other workers in 1989 was 400,000, an increase of 14,000 over the figure of 386,000 in 1986, accounting for 14.8 percent of the total number of workers, a decline of 0.6 percentage point from the 15.4 percent in 1986.

3. The ranks of minority workers steadily expanded. Since the past 10 years, we have actively implemented the party's policy on regional national autonomy and paid attention to recruiting and training minority workers. In 1989, the number of minority workers in state-owned units across the region totaled 404,000, an increase of 190,000 over the figure of 214,000 in 1979. The proportion of minority workers to the total number of workers of state-owned units rose from 11.1 percent in 1979 to 14.9 percent in 1989.

4. The ranks of female workers expanded to a further extent. More and more female workers entered various trades and professions. By the end of 1989, the number of female workers across the region reached 1.336 million, an increase of 529,000 over the figure of 807,000 in 1979. The proportion of female workers to the total number of workers jumped from 33.2 percent in 1979 to 37.4 percent in 1989, an increase of 4.2 percentage points.

5. New changes took place in the structure of urban employment. Reform of the worker employment system facilitated a change in the urban employment structure. The development of workers of the collective units and self-employed workers in cities and towns was quicker than the development of workers of state-owned units. The number of workers of state-owned units totaled 1.93 million in 1979 and 2.71 million in 1989; the number of workers of collective units in cities and towns jumped from 498,000 in 1979 to 860,000 in 1989, an increase of 72.7 percent over 1979, showing an average annual increase of 5.6 percent.

Northeast Region

Sun Weiben Attends People's Congress Meeting

SK0611053390 Harbin Heilongjiang Provincial
Service in Mandarin 1000 GMT 5 Nov 90

[Text] The People's Congress work meeting of the Heilongjiang Provincial CPC committee was held at Hepingcun Assembly Hall this morning. This meeting was the first of its kind held by the provincial party committee in 10 years.

Comrade Wang Haiyan presided over the meeting. Taking seats at the rostrum were leading comrades, including Sun Weiben, Wang Zhao, Li Genshen, Ma Chunwa, Ma Guoliang, Meng Qingxiang, Zhang Xiangling, He Shoulun, and Du Xianzhong. Vice chairmen of the provincial People's Congress Standing Committee, members of the Standing Committee, secretaries of various city, prefectural, and county party committees, chairmen of various cities, prefectural and county People's Congress Standing Committees, and responsible comrades of provincial-level departments concerned attended today's meeting. Li Jianbai, member of the Standing Committee of the National People's Congress [NPC], and retired veteran cadre Zhao Dezun also attended the meeting.

At the meeting, Comrade Sun Weiben delivered a report calling for efforts to conscientiously sum up experiences, strengthen party leadership, and further display the role of organs of state power. The report is divided into three parts: First, the practice and development of the People's Congress system in our province; second, the provincial committee's basic experiences in leading the work of the People's Congress; third, fully displaying the role of the organs of power in promoting stable economic development, improvement, rectification and the deepening of reform.

Comrade Sun Weiben noted: In line with the demands of economic construction and stabilizing the situation, we should strengthen legislative work, intensify law-enforcement inspections, resolutely check the phenomena that previously enacted laws are neither observed nor strictly enforced, that the violators are not strictly punished, that laws have been replaced by a person's words or powers and that the laws were made for the benefits of one's relatives or friends. It is necessary to strengthen our supervisory functions, push forward the campaign of improvement, rectification and the deepening of reforms, promote a sustained, stable and coordinated national economic development and strengthen the self-improvement of the People's Congresses and their Standing Committees. Party committees at all levels, on the basis of summing up the 10 years of experience, should further strengthen leadership of the work of the people's congresses, and enable them to play a greater role in developing the economy, stabilizing the overall situation, and carrying out the campaign of improvement, rectification and deepening of reform.

At the meeting, He Shoulun, vice chairman of the provincial People's Congress Standing Committee, delivered a report, entitled "Further Display the Role of the Organs of Power

Under the Party's Strong Leadership." Entrusted by Governor Shao Qihui, Vice Governor Du Xiangzhong gave a speech at the meeting. The meeting is scheduled for three days.

Non-CPC Figures Invited to Liaoning Forum

SK0711022590 Shenyang Liaoning Provincial
Service in Mandarin 1030 GMT 5 Nov 90

[Text] On the morning of 5 November, the provincial party committee held a forum of non-CPC figures. Invited to the forum were responsible people from various provincial democratic parties, those without party affiliation, and responsible people of the provincial industrial and commercial federation, the provincial federation of returned overseas Chinese, the provincial federation of Taiwanese compatriots, and Huangpu Military Academy alumni—more than 40 in all.

Shang Wen, deputy secretary of the provincial party committee, attended the forum. He first briefed the participants on the guidelines in the important speech General Secretary Jiang Zemin made during his inspection of Liaoning regarding adherence to the system of multi-party cooperation and political consultation under the leadership of the CPC, and then he discussed with participants the united front work of the province.

Liu Qingkui, director of the united front work department of the provincial party committee, briefed participants on the province's implementation of the national united front work conference guidelines. Since the convocation of the provincial united front work conference, the province's united front work has been gratifying. Various city party committees have recognized the importance of considering united front work when planning strategy. Shenyang, Dalian, and nine other cities have held city united front work conferences in succession. Benxi and some others have strengthened the power of united front work departments, and some progress has been made in various democratic parties' participation in and discussion of political affairs.

Taking the floor at the forum were responsible people of various democratic parties and some non-CPC figures, including Feng Yousong, Wang Wenyuan, Niu Pingfu, Chen Yanzhi, Liu Mingjiu, Jiang Xiaoqin, and Chen Hongduo.

They said: After hearing the general secretary's speech, we have been deeply inspired. The general secretary has fully affirmed Liaoning's work and the tremendous contributions made by the long-established industrial base and also has pointed out existing problems and ways to improve. In particular, the general secretary has repeatedly stressed that adherence to the multi-party cooperation system under the CPC's leadership is a scientific summary of the history of China's revolution and construction and is a major principle for achieving success in the socialist cause. They said they would be of one heart and mind with the CPC, persist in socialism and patriotism, pay even more attention to exploiting the democratic parties' role in participation in and discussion of political affairs and to developing

numerous abilities under the current grim situation, and would try give advice on every possible way to boost Liaoning's economy.

Northwest Region

Wang Enmao, Song Hanliang Inspect Kuytun City

OW0511233790 Urumqi Xinjiang Television Network
in Mandarin 1400 GMT 5 Nov 90

[From the "Xinjiang News" program]

[Text] [Video shows medium and wide shots of Wang Enmao and Song Hanliang speaking with factory workers]

Wang Enmao, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and chairman of the Xinjiang Autonomous Regional Advisory Commission; and Song Hanliang, secretary of the autonomous regional party committee, recently inspected the Xinjiang cigarette plant, the Kuytun knitting mill, the Kuytun No. 1 cotton textile mill, the Kuytun Huaxin Tomato Products Company, Ltd., and the Kuytun railroad station.

They spoke very highly of the achievements made by Kuytun City in economic development and urban construction, and urged the city to accelerate the construction of the urban infrastructure.

They said: Kuytun's geographical position is very important. It is the hub of land transportation and the commodity collection and distribution center in northern Xinjiang, with adequate transport facilities connecting it to all parts of northern Xinjiang. With Xinjiang implementing its economic strategy of cooperating with the east [interior and coastal regions of China] and exporting goods to the west, Kuytun will become another new industrial city in Xinjiang.

They pointed out: The two parts of the Sino-Soviet Railroad have been connected. Kuytun is an important city on this major railroad. Successful development of Kuytun not only will reduce the pressure on Xinjiang's capital, Urumqi, but also will promote economic development and progress in northern Xinjiang.

Tomur Dawamat on Training, Selecting Scientists

OW0611115190 Urumqi Xinjiang Television Network
in Mandarin 1400 GMT 5 Nov 90

[From the "Xinjiang News" program]

[Text] [Video shows pan shots of Tomur Dawamat viewing an exhibition and listening to explanation given by a guide]

Tomur Dawamat, chairman of the Xinjiang Autonomous Regional People's Government, recently visited the science-technology exhibition hall of the regional science and technology commission and examined the autonomous region's preparatory work for the first

national exhibition on scientific and technological achievements of personnel who have returned from overseas to be held in Beijing in mid-November. He spoke highly of the achievements of the scientific and technological personnel of the autonomous region who have returned to the autonomous region after studying abroad. He expressed the hope that they would make greater contributions to promoting stability and development in Xinjiang.

Tomur Dawamat made an important speech on training and selection of young scientists and technicians. He expressed the hope that the relevant departments would attach importance to training and selecting young and qualified scientists and technicians, especially young and qualified scientific and technological personnel of minority nationalities. He pointed out: From now on, we must lay emphasis on training those who have returned after studying abroad, graduates of colleges and technical secondary schools, and young scientific and technological personnel who have worked over two years at the grass-roots level. He called on various units, departments, trades, and professions to make strenuous efforts and adopt a specific policy to train a contingent of key scientists and technicians of minority nationalities. All scientific research units must regard selecting and training minority technical personnel and leaders of science and technology a major task, and create favorable conditions for the quick growth of qualified minority scientific and technical personnel. He pointed out: To select and train qualified scientists and technicians is a hard task. We must do it well, in a down-to-earth and planned way, and with a purpose.

XINJIANG RIBAO Editorial on Stability

OW0611134490 Urumqi XINJIANG RIBAO in Chinese
11 Oct 90 p 1

[Editorial: "An Important Guarantee for Xinjiang's Stability and Development"]

[Text] The regional meeting on united front work, held by the autonomous regional party committee, has come to a successful close. This meeting studied and implemented the guidelines of the national united front work conference and the 15th enlarged plenary session of the third autonomous regional party committee. Its purposes were to increase understanding, summarize experiences, clearly define duties, and inspire enthusiasm. It was very significant to consolidating and developing the broadest possible patriotic united front, as well as promoting the autonomous region's stability and development.

United front work, which has been an integral part of the party's general line and policies, is an important guarantee for success in revolution and construction. Consolidating and developing the broadest possible patriotic united front has been the firm, unchanging, and long-term strategic policy of our party. Xinjiang is situated in the northwestern border of the motherland, and is inhabited by many nationalities with many religions. It has a very important strategic position. Doing well in united

front work is very significant to guaranteeing stability and development of the autonomous region. Comrade Deng Xiaoping pointed out: "The essence of the united front is to unite with the majority." In the new historic period, we should unite with any classes, parties, groups, and individuals as long as they help to promote the four modernizations, the motherland's reunification, China's development, unity among nationalities, social progress, and the people's happiness; and as long as they help to oppose the efforts by hostile forces at home and abroad to infiltrate, subvert, and promote peaceful evolution in China. These are the basic points and essence of united front work. It has been proven repeatedly in practice that unity will mean prosperity in Xinjiang and that separatism will result in disturbances and decline. Socialism only will develop vigorously through uniting the overwhelming majority of people as much as possible. The 1990's will be a crucial 10 years. United front work is shouldering the honorable and arduous mission to materialize stability and development in Xinjiang. It should truly serve these purposes well.

Unity among nationalities is a prerequisite and guarantee for success in all fields of work in Xinjiang. Religion is closely related to stability and unity in the autonomous region. The major danger in Xinjiang comes from domestic and international separatists of nationalities who usually stir up separatism and disturbances under the banners of nationalities and religion. The struggle to oppose separatism of nationalities is a long-term, complicated, and arduous mission. Therefore, united front work must focus on nationalities and religious affairs, which is the basic characteristic of united front work in Xinjiang. It is necessary to continue implementing the party's policy of equality and unity among the nationalities for mutual development and prosperity; educate and arm the broad masses of cadres and people with a Marxist concept on nationalities; further strengthen the great unity among the peoples of all nationalities; work hard to create a new situation whereby the peoples of all nationalities will live in harmony and share the same destiny; and continuously develop a new socialist relationship among nationalities, characterized by equality, unity, mutual assistance, and friendship among the peoples of all nationalities. It is necessary thoroughly to understand and publicize the policy of freedom in religious beliefs, and strengthen control over religious affairs. Religious activities should be incorporated into the normal scope as allowed under the constitution, laws, regulations, and policies of the state.

Upholding the party's leadership is the basic guarantee for the consolidation and development of the patriotic united front. It is only under the CPC's leadership that the united front will have a correct orientation, a flourishing life, and a bright future. It is imperative to uphold

and perfect the system of multiparty cooperation and political consultation led by the CPC. To uphold party leadership, we must improve party leadership. Upholding and perfecting party leadership conforms with the promotion of socialist democracy. We should develop the fine traditions and work style of the united front; bring the party closer to the various democratic parties, public figures without party affiliation, and patriotic personages of all nationalities in all circles; and promote the patriotism of the people of all nationalities in achieving stability, unity, development, and prosperity. We should mobilize all the forces to ensure stability and development in Xinjiang. Policies and strategies are the life of the party. We should differentiate strictly between the two contradictions of different nature, and regard it a main task of the united front in the new era to handle properly the contradictions among people. In-depth and painstaking ideological and political work should be conducted among various personages in the united front. Leading comrades of party committees at various levels should make friends with them, encourage them to air their views, and motivate them voluntarily to contribute to stability and development of the autonomous region. Efforts should be made to create a lively political situation in Xinjiang characterized by democracy as well as centralism, freedom as well as discipline, and personal ease of mind as well as unified determination.

Party committees at various levels should study and implement conscientiously the guidelines set by the autonomous regional united front work conference and educate all comrades in the party deeply to understand the importance, necessity, and protracted nature of the united front, particularly its importance to Xinjiang. Party committees should place the united front work on their agenda and hold discussion at least two or three times a year. Top leaders and their right-hand men should take personal interest in and study the major principles and policies of the united front. We should strengthen the ideology and organization in the united front work departments and strive to build a team of qualified cadres to carry out the work. Efforts should be made to strengthen research and propaganda in the theory and policy of the united front and to spread the knowledge of the united front among the people. We are confident that, with the serious efforts by party organizations at various levels in Xinjiang to relay, study, and implement the important speech given by General Secretary Jiang Zemin at the national conference on united front work, and the "CPC Central Committee's Circular on Strengthening the United Front," and with the hard work by cadres in charge of united front work and the large number of the united front's members, united front work will make great contributions to the stability and development of the Xinjiang Autonomous Region.

Self-Government League Holds Enlarged Meeting

*OW0711104390 Beijing Domestic Service in Mandarin
1030 GMT 6 Nov 90*

[From the "National Hookup" program]

[Text] The Fourth Central Standing Committee of the Taiwan Democratic Self-Government League [TDSGL] held its enlarged meeting in Beijing from 30 October to 2 November. The meeting pointed out: The TDSGL offices at all levels have acquired a stronger sense of participation in the political process and are aware of their great participatory and consultative responsibility and the arduous tasks they are shouldering. The TDSGL should take steps to mobilize its members and all those

with whom they have contact to bring its mass organization role into full play. It should make vigorous efforts to put forward valuable suggestions concerning the country's primary tasks and the work related to Taiwan in different periods by investigating and studying the major issues. It should constantly seek to improve its legitimate mechanisms to participate in the political process and provide a political consultation service.

The meeting said: Next year our country will begin its Eighth Five-Year Plan. There will also be new developments on the island of Taiwan and across the Taiwan Strait. All TDSGL members are called upon to work with an invigorated spirit to make greater contributions to the four modernizations, to reform and to opening to the outside world, and to the peaceful reunification of the motherland.

Nicaraguan Vice Foreign Minister Visit Continues**Ties Desired With All Nations**

OW0611162690 Taipei CNA in English 1434 GMT
6 Nov 90

[Text] Taipei, Nov 6 (CNA)—Nicaraguan Vice Foreign Minister Ernesto Leal said Tuesday that his country plans to maintain diplomatic ties with all countries in the world and his visit here is mainly to arrange for resuming full diplomatic relations with the Republic of China.

Leal called on Foreign Minister Fredrick Chien Tuesday morning in the company of Vice Foreign Minister Chen Chien-jen who signed a communique with Leal in Taipei Monday.

Asked by reporters whether there any new cooperative projects between the two countries Leal did not comment but Vice Foreign Minister Hen replied that there will be time enough for both countries to discuss ways to develop cooperative projects after the resumption of diplomatic ties.

Leal and his party of six are scheduled to leave here Wednesday after a week-long visit.

Investment Guarantee Pact Sought

OW0611165290 Taipei CNA in English 1438 GMT
6 Nov 90

[Text] Taipei, Nov 6 (CNA)—Vice Economic Affairs Minister P.K. Chiang said Tuesday that the government hoped to sign investment guarantee pact with Nicaragua as soon as possible.

Nicaragua resumed diplomatic ties with the Republic of China on Monday.

Nicaragua's Vice Minister of External Relations Ernesto Leal met with Economics Minister Hsiao Wan-chang Tuesday, both of whom pledged to strengthen bilateral trade and economic relations.

Chiang said the envisioned pact will assure ROC businessmen of the safety of their Nicaraguan investments.

Chiang also pointed out that the government will put Nicaragua high on the list of countries eligible for loans from the overseas economic cooperation development fund.

"The government will actively help train Nicaraguan technicians, arrange whole-plant exports, and provide loans," he noted.

Two-way trade between the ROC and Nicaragua amounted to a mere 5.3 million US dollars last year.

The Economics Ministry said the ROC can import coffee, cotton and seafood from Nicaragua, invest in the latter's gold and silver mining industry and set up joint ventures in aquaculture.

Discusses Goals With President

OW0611161490 Taipei CNA in English 1515 GMT
6 Nov 90

[Text] Taipei, Nov 6 (CNA)—President Li Teng-hui met with Nicaraguan Vice Foreign Minister Ernesto Leal who is here to restore diplomatic ties with the Republic of China suspended five years ago.

The Republic of China and Nicaragua Li said, share the same goals in the pursuit of freedom, democracy, and justice. The president said he believes that the two countries will upgrade bilateral cooperative ties on a basis of mutual benefit in the years ahead.

To be more specific, the Republic of China, whose development experience over the past four decades is the envy of many developing countries, can assist Nicaragua, especially in agriculture and the development of small- and medium-sized enterprises Li said.

Costa Rican President Arrives for State Visit**Welcomed By President Li**

OW0611192290 Taipei CNA in English 1509 GMT
6 Nov 90

[Text] Taipei, Nov 6 (CNA)—President Rafael Angel Calderon of Costa Rica arrived in the Republic of China to the warm welcome of President Li Teng-hui and other government and military leaders Tuesday.

President Li presided over a ceremony at Taipei's Sungshan Military Airport where Calderon and his entourage were greeted with a 21-gun salute. The two chiefs of state jointly reviewed an honor guard.

Addressing the occasion, Li praised Calderon as an outstanding Central American statesman who has made a great contribution to maintaining freedom and democracy.

"Though geographically farapart, our two countries share the ideals of [words indistinct], democracy and the rule of law," Li said.

In response, Calderon said he has long admired the Republic of China's founding father, Dr. Sun Yat-sen. He added that he will pay homage to Dr. Sun during his six day visit.

He praised the Republic of China for being a good model in worth Costa Rica's emulation in developing from an agricultural to an industrial society.

Taipei City Mayor Huag Ta-chou presented a key to Taipei to the Costa Rican chief of state during the ceremony.

Later in the day, Calderon met with Premier Hao Po-tsun and attended a state banquet hosted in his honor by the premier.

Urges Help in Developing Economy

OW0611201490 Taipei CNA in English 1520 GMT
6 Nov 90

[Text] Taipei, Nov 6 (CNA)—Costa Rican President Rafael Angel Calderon Tuesday called on the Republic of China for assistance in developing his country's economy. President Calderon, who flew into Taipei earlier in the day for a six day state visit, made the request to Premier Hao Po-tsun during a 20 minute meeting. In the meeting they also exchanged opinions on bilateral relations and other issues of common interest.

Calderon said Costa Rica has begun the development of an export processing zone and he believed the Republic of China can help by sharing its valuable experience with his country.

Also present at the meeting were Costa Rican Second Vice President Arnoldo Lopez, Republic of China Foreign Minister Frederick Chien and the two countries' ambassadors. President Calderon will meet President Li Teng-hui Wednesday for formal talks on bilateral relations and future cooperation between the two countries which have maintained close ties for nearly half a century.

In the evening, President Calderon will be decorated by President Li with a Medal of the Order of Brilliant Jade. Vice President Lopez and Costa Rican Foreign Minister Bernd Niehaus will also be decorated before they are entertained at a state dinner.

The two countries' first ladies will meet each other separately and Mrs. Li will present a gift to Mrs. Calderon for her to pass on to the children of Costa Rica as a token of the friendship between the two countries.

Members of Calderon's entourage will also meet ROC Economic Affairs Minister Hsiao Wan-chang and tour the Taipei World Trade Center Wednesday.

Soviet Communications, Transport Links Studied

OW0611131990 Taipei International Service
in English 0200 GMT 6 Nov 90

[Text] Communications Minister Chang Chien-pang stated on Monday that his ministry is currently studying the development of telecommunications and aviation and shipping links with the Soviet Union. However, the ministry first wants to examine the actual needs, which arrive in the future, before making concrete decisions on what areas to develop with the USSR. Chang made the remark in answering queries to lawmakers at the Legislative Yuan.

Chang stressed that his ministry is currently actively working to develop better telecommunications with the USSR. Meanwhile, Chang also said at the Yuan on Monday that on the basis of safety considerations, mainlanders will still be under restrictions in terms of coming to Taiwan. As to allowing Taiwan Chinese to go to the

mainland for sightseeing, he said that the decision would have to wait until after an arbitration body between the two sides is set up.

Chang said that in the wake of the aviation disaster at Canton's [Guangzhou] Pai Yun Airport last month, the Communications Ministry and the Tourism Bureau are studying a lot to allow people from Taiwan to travel to the mainland for sightseeing. However, as an arbitration body to settle any disputes which might arrive has not yet been formed, Chang said a final decision on the matter will still have to wait.

Corporation Studies USSR Crude Oil Purchases

OW0711043490 Taipei CNA in English 0248 GMT
7 Nov 90

[Text] Kaohsiung, Southern Taiwan, Nov. 7 (CNA)—The Chinese Petroleum Corporation (CPC) is considering the feasibility of purchasing crude oil from the Soviet Union to diversify its oil import sources in the face of Gulf uncertainties, a ranking CPC official said Tuesday.

The official, who declined to be named, said that the CPC will soon send personnel to the Soviet Union to discuss buying crude oil from the socialist country and to obtain samples of crude oil for analysis.

With heightened tensions in the Gulf, the official said that CPC has not only increased crude imports from the Middle East for stockpiling but also made efforts to seek other oil import sources.

CPC will also carefully evaluate transportation costs in considering crude oil purchases from the USSR, the official said.

Foreign Trade Board To Invite USSR to Seminar

OW0511235690 Taipei CNA in English 1601 GMT
5 Nov 90

[Text] Taipei, Nov. 5 (CNA)—Sheu Ke-sheng, director general of the Board of Foreign Trade [BOFT], said Monday that BOFT will invite experts from the Soviet Union to attend a late November seminar here to promote ROC [Republic of China]-USSR trade and investment cooperation.

Sheu said the main purpose of the seminar is to help Taiwan manufacturers improve their understanding of the investment climate and trade laws in the Soviet Union.

He said the Soviet Union has a great demand for various agricultural products, consumer goods, and medical equipment which the Republic of China can supply.

Sheu said that because of limited information about the Soviet Union, the China External Trade Development Council will soon send personnel to gather data there. ROC trade offices in Hungary and Yugoslavia will also help in this connection, he added.

Businessman Agrees With Japan on Diaoyutai Issue*OW0711045290 Taipei Domestic Service in Mandarin
2300 GMT 5 Nov 90*

[Text] While attending a banquet hosted by Premier Hao Po-tsun on the evening of 5 November, (Chen Chen-kuang), chairman of the board of directors of the Yakult Enterprise, said in an interview with reporters that he had reached a consensus with relevant departments of Japan for Chinese and Japanese nongovernmental organizations to jointly complete the Diaoyutai lighthouse extension project in six months. Taiwan fishermen will, however, as usual, still be able to sail in the waters off Diaoyutai to catch fish and the Japanese side will not interfere with their fishing.

(Chen Chen-kuang) also said that after he returned home from Japan on 4 November, he immediately informed Premier Hao Po-tsun of this development and asked for his close cooperation. (Chen Chen-kuang) said: Why was the time for China and Japan to cooperate in building the lighthouse set for six months from now? This is because at present everyone is so excited; six months from now when everyone is calm, successful cooperation can surely be achieved. (Chen Chen-kuang) stressed that this agreement on jointly building the lighthouse was reached after he held talks with [name indistinct], president of the (Japanese Junior Chamber), during his stay in Japan from 29 October to 4 November.

Vice Foreign Minister Chang Hsiao-yen said: The building of a lighthouse on Diaoyutai should be conducted through channels between the governments. He also pointed out, however, any effort that can help resolve the Diaoyutai issue is welcome. As for business celebrity (Chen Chen-kuang's) remarks that the Japanese side has agreed to let Chinese and Japanese nongovernmental organizations jointly build a lighthouse on Diaoyutai, Chang Hsiao-yen said since he did not know the details of the matter, he could make no comment. He said the Foreign Ministry would seek the truth of the matter.

Concerning (Chen Chen-kuang's) agreement with the Japanese side on the Diaoyutai issue, Chiu Mao-ying, vice chairman of the Council of Agriculture, said: Since no official documents are available, the Council of Agriculture can make no comment.

KMT Sets Timetable for Second General Elections*OW0711114490 Taipei Domestic Service in Mandarin
2300 GMT 5 Nov 90*

[From the "National Hookup" program]

[Text] The legal subgroup of the ruling party's Planning Group for Constitutional Reform held its eighth meeting yesterday. A preliminary conclusion was reached at the meeting on the timetable for the second election of central public representatives and on the number of central public representatives.

It was decided that the second election of the Legislative Yuan and the Control Yuan will be held before 1 February 1993. The election of 375 members to the second National Assembly will be held by the end of 1991. The term of office for the new national assemblymen will be reduced to four years to end at approximately the same time as that for the incumbent president of the country.

As for the number of central public representatives, it was determined that 375 national assemblymen, 150 legislators, and 54 Control Yuan members shall be elected.

The National Assembly will be most affected under the legal subgroup's tentative decision. At the end of next year when all the senior national assemblymen have retired, the National Assembly will immediately have 375 new members. They will carry out their duties along with the 80 members who were elected in the first by-election and whose term will expire in January 1993. The tenure of the national assemblymen elected in 1991 will be shortened to end in January 1996, to match that of the incumbent president which will expire in March 1996. In other words, in the first month of the second National Assembly, there will be 455 national assemblymen, and the term of the newly elected national assemblymen will be only four years and one month.

Bank Governor Against Mainland Currency Exchange*OW0511013990 Taipei CNA in English 1429 GMT
4 Nov 90*

[Text] Taipei, Nov. 4 (CNA)—Samuel Hsieh, governor of the Central Bank of China, today denied a news report that a Taipei mainland currency exchange center could be established in Taipei.

Testifying at a Legislative Yuan session, Hsieh said it is premature to discuss the current exchange problem at the moment as the Government still bans direct trade with, and investment in the Chinese mainland. He stressed that it is impossible for the central bank to recognize Red Chinese "renminbi" at present.

Hsieh also said that if a war broke out in the Middle East, the central bank would give top priority to the maintenance of price stability. On the current credit policy, Hsieh pledged, the central bank would keep domestic money supply adequate for businesses.

To maintain local enterprises' competitiveness, the central bank has taken necessary measures to stabilize the new Taiwan dollar, he said.

Hsieh further pointed out that the current domestic bank interest rates are reasonable as compared with those in other countries. He opposed further cuts in the prime lending rate and in interest rates for one-month and one-year time deposits.

Institute Establishes Semiconductor Production

OW0711044890 Taipei CNA in English 0256 GMT
7 Nov 90

[Text] Taipei, Nov. 7 (CNA)—The Electronics Research and Service Organization of the Industrial Technology Research Institute (ITRI) is speeding up its five-year project to develop submicrometer semiconductors, a spokesman said Tuesday.

As part of the effort, the spokesman said, contracts have been signed with Applied Materials Co., one of the leading semiconductor manufacturers in the United States, to jointly develop the technologies needed to produce the complicated semiconductors.

The five-year project launched last July 1 aims to enable manufacturers in the Republic of China to begin mass production of 0.5 micrometer semiconductors by 1995, the spokesman said.

This, in turn, will help them gain access to the technologies needed to produce 0.35 micrometer semiconductors, he added.

The spokesman said the technology for producing 0.5 micrometer semiconductors, which can be used to produce 16 mb RAM (random access memory) ICS, is crucial to the development of the country's semiconductor industry.

ITRI, therefore, hopes that the project can be completed at an early date, he explained, and that the contract with applied materials of California's Silicon Valley should boost work on the project.

PRC Leaders Shocked by Taiwan Independence Bill

HK0711061990 Hong Kong CHENG MING in Chinese
No 157, 1 Nov 90, pp 18-19

["Notes on the Northern Journey" by Lo Ping (5012 0393):
"The Taiwan Independence Resolution Adopted by the Democratic Progressive Party Shocked Zhongnanhai"]

[Text] In the West, Germany accomplished its reunification; in the East, relations between the two sides of the Taiwan Strait became tense again.

On 7 October, the second plenum of the fourth central committee of the Democratic Progressive Party (DPP), the largest opposition party in Taiwan, adopted a resolution which did not recognize that the Taiwan authorities' sovereign power reached the mainland of China and explicitly upheld "Taiwan's independence." This evoked strong reactions in the CPC's top leadership, and relations between the mainland and Taiwan began to tense up again.

Yang Shangkun Immediately Held a Meeting To Discuss Countermeasures

The CPC top leadership held that the DPP resolution marked a major development of the Taiwan independence activities; at the same time, the Taiwan independence activities were carried out in a programed and orderly way under the support of the Taiwan independence force inside the ruling Kuomintang (KMT).

On the evening of 8 October, Yang Shangkun held a meeting of the CPC Central Committee's Taiwan Affairs Office, the State Council's Taiwan Affairs Office, and the Central Leading Group for Overseas Propaganda. Almost all members of the central leading group for Taiwan affairs in Beijing attended the meeting.

Yang personally presided over the meeting. He severely criticized the situation in Taiwan and said that this was the challenge posed by the independence force in Taiwan against the 1.2 billion Chinese people. Although the problem occurred in the DPP, the root cause existed in the KMT. Li Teng-hui kept talking about China's reunification, but this was merely a KMT signboard and smoke screen.

Chen Yun Said That "This Is a Signal"

At that joint meeting, aside from fiercely criticizing the DPP and the KMT, the CPC leaders also made a four-point resolution: first, continue to observe the KMT's reactions and maneuvers; second, pay attention to widely collecting people's reactions inside and outside Taiwan and in the overseas Chinese communities to this event; third, not to change the CPC central leadership's established policy toward Taiwan; and fourth, ...the joint meeting also decided that the central leaders would not openly comment on this event for the time being, and the democratic parties and noted personages could make the first criticisms.

On the same day, namely, 8 October, Chen Yun wrote a note to Jiang Zemin and Yang Shangkun about the DPP incident. Chen Yun wrote: "This is a signal. We must never take it lightly. It is necessary to review the whole policy toward Taiwan."

Jiang Zemin and Yang Shangkun Condemned the KMT and DPP Collaboration

On the morning of 9 November, the Political Bureau held an informal meeting to discuss this event. At the meeting, Jiang Zemin and Yang Shangkun gave "instructional" speeches. Yang angrily said that the Taiwan authorities did not take proper measure of their own ability. Some time ago, when the China Unification Committee was set up in Taiwan, Li Teng-hui gave a speech, and many people believed what he said and believed that the KMT was sincere in upholding reunification. Now, they could see more clearly. As Jiang Zemin said, "the KMT and the DPP were putting on a two-man show in collaboration."

By 8 October the CPC Central Committee's Taiwan Affairs Office had issued two internal documents on the KMT's establishment of the China Unification Committee. The first document presented the detailed personal background of every member of the China Unification Committee. For example, it mentioned that an overseas representative surnamed Li from Japan was not only a member of the KMT Central Committee but also an adviser for the exiled mainland democracy champions. No open commentary, however, was published in newspapers or journals, because the central leadership felt that it was necessary to "wait and see."

Deng Xiaoping Denounced Li Teng-hui for Using Three Hands To Deal With the CPC

On the evening of 10 October, Deng Xiaoping listened to the reports by such leaders as Yang Shangkun and Ding Guangen, who were in charge of Taiwan affairs in his own house. Then, the principal central leaders in charge of Taiwan affairs joined Deng in watching the video tape of the "Double Ten" Festival celebrations in Taiwan provided by the Central Television Station. While watching the film, Deng Xiaoping also commented on Li Teng-hui's behavior, saying that "they look rather complacent." Deng also said: What Li Teng-hui said was unreliable! What the KMT said was unreliable! Now, they are using three hands overtly and covertly to deal with us. On the one hand, they mouthed high-sounding words; on the other hand, they secretly supported the DPP's Taiwan independence activities; at the same time, they continued to carry out subversive activities against the mainland! We have said too many fine words to them in the past. They just turned a deaf ear to us and thought that we did not dare to be tough. This state of affairs must not be allowed to continue in this way. Although the problem occurred in the DPP, the root cause existed inside the KMT. The KMT found its wings were not tough enough, so they used the DPP to send up a trial balloon. Deng Xiaoping's health had just recovered, but he again flew into a rage over the Taiwan issue.

The CPC top leadership's attitude was clear. That is, the Taiwan independence force must not be allowed to become prevalent in Taiwan.

According to the present signs, the CPC authorities are concentrating on dealing with two issues. The first is economic development, and the second is Taiwan.

The busiest person inside and outside the military is Yang Shangkun. Yang is now the supreme leader in charge of Taiwan affairs. So when there is trouble with Taiwan affairs, Yang becomes busier than anyone else.

Differences Remain on the Policy Toward Taiwan

Although the top CPC leaders are all hostile to the Taiwan independence activities, they do not hold the same opinion on the concrete policies toward Taiwan and on the evaluation of the new situation in Taiwan

(including the establishment of the China Unification Committee and the DPP incident). The surplus U.S. dollars in Taiwan are still rather attractive to the mainland economy. Yao Yilin and Li Peng, who are often influenced by the officials in the subordinate economic department, hope to formulate more favorable policies to attract Taiwan investors. The relevant departments of the Chinese Academy of Social Sciences and the State Economic Commission recently jointly drafted a report to the State Council to explain the advantages of attracting and using Taiwan investments.

Some old men in the CPC, however, are keen on saving their face and are highly sensitive. In particular, as they saw that Germany was reunified recently, they held that East Germany was in fact swallowed by West Germany, which was economically stronger. So they were deeply worried about the consequences of increasing the Taiwan investment. Chen Yun and Li Xiaonian both said that eyes should not be directed merely at the U.S. dollars.

Li Xiannian Warned That Attention Should Not Be Paid Merely to Taiwan's Money

It was said that during the National Day period, Li Xiannian spoke with Jiang Zemin. Li Xiannian emphatically pointed out: "We fought with the KMT for several decades, and all were political battles. We have never fought a purely economic battle with the KMT. The KMT itself is very aware of this, but some people on our side do not know this well." He also said: If all the tens of billion of U.S. dollars in Taiwan are invested on the mainland, the money may not solve all problems. A long-term viewpoint should be adopted when dealing with the money. In particular, comrades in charge of economic work must not be shortsighted. When coming to the mainland to invest, Taiwan businessmen not only want to make economic profits, but they also want to make political profits. In the final analysis, what they want is to reunify China with the Three Principles of the People. It was said that this was Li Xiannian most important speech on the Taiwan issue in recent years. He mainly discussed this issue from the economic angle.

Deputies Attending the Central Committee's Seventh Plenum Were Concerned With the Issue of "Taiwan Independence"

At present, the deputies who have come to Beijing to attend the party Central Committee's seventh plenum are seriously discussing the Eighth Five-Year Plan, and they are also discussing with deep concern the recent event of the DPP's adoption of a revolution on Taiwan's sovereignty issue. On the morning of 8 October, the head office of ZHONGGUO XINWEN SHE received an order from the Internal Reference Materials Department to prepare two sets of materials for the Central Committee plenum participants, one set about the leading KMT figures' recent activities and the other about the overseas reactions to the DPP move.

Hong Kong

Hong Kong, Japanese Groups Oppose SDF Dispatch

OW0611141690 Tokyo KYODO in English 1131 GMT
6 Nov 90

[Text] Hong Kong, Nov. 6 KYODO—Citizens and students groups in Hong Kong and Japan on Tuesday voiced joint opposition to the overseas dispatch of Japanese Self-Defense Forces (SDF) personnel, saying the people of Asia and Pacific countries have not forgotten the aggression they suffered in the past.

"We...condemn the move by the Japanese Government to push through the United Nations peace cooperation bill in the Diet," said the joint statement, simultaneously announced in Hong Kong and Tokyo.

The bill would pave the way for the dispatch of SDF personnel abroad.

The unified action came after calls by Hong Kong-based local and regional groups such as the Asian Center for the Progress of People (ACPP), the Asian Region Exchange for New Alternatives (ARENA), and the Asian Students Association (ASA).

The statement also said, "We are convinced that in the name of peace, Japan will go to war and if the bill becomes law, Japanese military forces will intervene in the affairs of other countries, especially those in the Asia-Pacific region."

In Japan, a total of 25 Japanese civic groups were listed among the joint signatories of the statement. Among them were the Pacific-Asia Resources Center, the Japanese National Council of Churches, and the Anti-War, Anti-Nuke Peace Movement Liason Center of Japan.

In Hong Kong, about 20 demonstrators gathered outside the Japanese Consulate General, waving banners and chanting slogans condemning moves by the Japanese Government to push the bill through the Japanese parliament.

At around 3:30 local time they presented the Japanese consul general with a letter and statement signed by 57 regional groups opposed to the bill.

The statement, which called the proposed bill a "euphemism and a hoax," was released at the same time in Japan and in other countries throughout the region.

Francis Tan, a spokesman for ACPP, said Japan could set an example to the rest of the world by not rearming and sending troops abroad.

"Peace: yes; cooperation: yes; but peace cooperation bill: no," Tan said.

Japanese Parliament Exchange Scheme Announced

HK0711025490 Hong Kong SOUTH CHINA
MORNING POST in English 7 Nov 90 pp 1, 2

[By Fanny Wong]

[Text] The Legislative Council has given its support to the setting up of a committee with the Japanese parliament to bolster political and economic exchanges in the run-up to 1997.

The joint committee, the first between the Hong Kong legislature and an overseas parliament, is expected to help boost confidence in the territory.

The Senior Legislative Councillor, Mr Allen Lee Peng-fei, said yesterday that his colleagues unanimously supported the idea at their in-house meeting last Friday.

Further discussions will be held between Mr Lee and Mr Tsutomu Hata, an influential member of the ruling Liberal Democratic Party in the Japanese Diet (parliament) who chairs the Reserach Commission on the Election System.

Mr Hata is expected to lead the Japanese side of the joint committee, while Mr Lee heads the Hong Kong team.

Mr Lee expected that more than 10 Diet members would join the committee, but it was not clear how many local legislators were interested.

First proposed last April to the Chief Secretary, Sir David Ford, the idea for a Hong Kong-Japan committee was raised again last month during a session between a group of Legislative Councillors, including Mr Lee, and a visiting Japanese parliamentary delegation led by Mr Hata.

Mr Lee said Mr Hata had then expressed hopes that the committee could be formed. But Mr Lee replied that consent had to be sought from the full council before he could make a commitment.

Following the in-house meeting's endorsement, Mr Lee said he had written to Mr Hata about the decision and would start preparing for the setting up of the group.

"This is the first time that any parliament has approached us to set up a joint committee kind of thing," Mr Lee said.

"I think it is a very good idea. We have very close economic ties with Japan. We shouldn't isolate ourselves here. It shows Japan's confidence in Hong Kong's future and that is very important."

Mr Lee believed the committee would contribute to Hong Kong's well-being and the issues they discussed would not be confined to politics.

"It's not just political per se, we can discuss various subjects," said Mr Lee. "We have a lot of economic links with Japan and it has a growing interest in Hong Kong."

Mr Lee rejected suggestions that the formation of the group was an attempt by Japan to increase its influence in Hong Kong after 1997.

"I don't think so. That hasn't crossed our minds. Japan is a world economic power. We should welcome the establishment of the committee and we'll exchange a lot of ideas and learn from each other," he said.

"The committee is something that the Japanese investors want to happen."

Having agreed to the idea, Mr Lee said the next move was to work out the committee's exact format and operation.

He said he would go to Japan for further discussions with Mr Hata.

Other details needed to be thrashed out include membership, the inauguration date, and the venue for its annual meetings, he said.

Mr Lee will leave for London on Sunday to observe the House of Lords session next Tuesday when the Senior Executive Councilor, Lady Dunn, delivers her maiden speech.

Mr Lee will also meet the Foreign Minister with special responsibility for Hong Kong, Lord Caithness.

Japanese Investment Reportedly Grows Rapidly

OW0611135390 Tokyo KYODO in English 0804 GMT
6 Nov 90

[Text] Hong Kong, Nov. 6 KYODO—Japan accounted for about 47 percent of overseas investment in Hong Kong's manufacturing industry last year, according to official survey results released Tuesday.

The value of Japanese investment is growing faster than that by any other foreign country, and makes up 29.1 percent of total foreign investment, marginally behind the United States, industry department figures show.

The value of Japanese investment rose from 6,965 million H.K. dollars (about 893 million U.S. dollars) in 1988, to 8,642 million H.K. dollars in 1989, an increase of 24 percent.

Japanese investment in Hong Kong manufacturing has more than doubled in total value since 1986, the figures reveal.

The United States provides 31.2 percent of total foreign investment in Hong Kong manufacturing industry.

U.S. investment increased by 4 percent from 8,907 million H.K. dollars in 1988 to 9,290 million H.K. dollars in 1989.

China and the United Kingdom are the third and fourth largest overseas investors in Hong Kong manufacturing, with 10.7 percent and 7.4 percent of the total respectively.

The total value of overseas investment in Hong Kong manufacturing industry in 1989 was 29.7 billion H.K. dollars. This was 3.6 billion H.K. dollars, or 14 percent, higher than the previous year, and nearly three times the 1984 figure.

About 60 percent of total overseas investment was in electronics, electrical products, textiles, clothing, and chemical products industries, said Director of Industry T.H. Barma, announcing the survey results.

Industries which attracted most Japanese investment were electronics, electrical products, printing and publishing, and watches and clocks, accounting for 67 percent of total Japanese investment.

Barma said that investment in manufacturing industry made up about one quarter of total overseas investment in Hong Kong.

Of the companies polled in the survey, 39 percent had a pessimistic view of Hong Kong's political stability, and 51 percent had a pessimistic view of the British colony's political future.

The companies placed these issues first and second respectively in a ranking of important investment factors.

Barma said that there was concern about Hong Kong's 1997 transfer to Chinese sovereignty, admitting "we have a battle on our hands," competing for investment with other territories in the region such as Taiwan and Singapore.

But investors taking a long-term view will realize that Hong Kong offers benefits unmatched by other countries, Barma said. He added that the future of overseas investment, including Japanese, remains buoyant.

Emigration Scheme for Danish Firms' Staff Mooted

HK0611021190 Hong Kong SOUTH CHINA
MORNING POST in English 6 Nov 90 pp 1, 5

[By Simon Macklin]

[Text] Denmark is to offer an emigration safety net to Hong Kong staff of Danish companies similar to that offered by other countries.

The Danish Foreign Minister, Mr Uffe Ellemann-Jensen, will arrive in Hong Kong tomorrow on a tour of the region and will discuss the package with local businessmen.

The Folketing, or parliament, in Copenhagen is currently considering legislation which is designed to restrict immigration from elsewhere in the world.

But Denmark's Consul-General in Hong Kong, Mr Claus Juul Nielson, said the Folketing was being asked to consider a special concession for Hong Kong.

Danish law was strict, requiring individual acts of parliament for foreigners to gain nationality.

But the Government was anxious to find some way of assisting Danish business in the territory by providing a special provision for local employees.

"We had complaints from Danish companies because they were losing staff. We are looking to find a pragmatic way around it (the nationality law)," Mr Nielson said.

The scheme being considered by a special committee of the Folketing was designed to help several hundred key employees working for Danish companies in Hong Kong.

"It will be a safety net, not a right of abode scheme, and not a nationality package," Mr Nielson said.

The proposal would allow employees and their families work permits which they would be able to use if they needed to leave Hong Kong.

"Local key staff would have a guarantee from their company. They could if they wish go to Denmark and work with their mother company," he said.

Staff would not get passports, but would win the right to live and work in Denmark.

The number who would benefit was still not fixed, but it was expected to be "several hundred" key staff with their families.

There were more than 30 Danish companies in the territory and another 30 with some connection with Denmark which might qualify staff for the scheme.

Denmark joins a growing list of European and other countries which have offered safety nets to assist local staff working for foreign firms in Hong Kong.

Experts say these schemes are bound to be of assistance to companies in the face of a fluctuating labour market.

A member of the Institute of Personnel Management emigration working group, Mr Patrick Maule, said it was difficult to get real data on whether people decided to stay with their employer because of the promise of such a scheme.

Mr Maule said most firms were "pretty desperate and anxious" about the current employment situation.

A spokesman for the Hong Kong Government said any scheme which helped to keep people in the territory was welcome.

The Government was pleased that foreign governments were finding ways to support their staff.

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